Datalex

Annual Report 2012

Contents

Chairman's Statement

I am pleased to report that in 2012 Datalex has delivered continued growth in Revenue, EBITDA, and new customer wins. I am particularly pleased to note that this year we can report a Profit after tax of US$1.1m, against a loss of US$1.4m (excluding exceptional items) in 2011.

2012 Overview

I am pleased to report on a strong year of performance for the business, with continued growth in our customer base, which will provide the momentum for our performance in 2013 and future years.

In 2012, we undertook some significant deployments to bring a number of major customers live on our platform - including Garuda of Indonesia, the world's largest carrier, Delta Air Lines, and a major Asian carrier for SITA - and with more to follow in early 2013, including Westjet, the second largest carrier in Canada, and the next tranche of SITA carriers. Our ability to undertake such significant projects in parallel is a testament not only to the flexibility and adaptability of our product, but of the operational capabilities and strengths of our people.

2012 also saw us secure a number of new customers in China, India, Australia and the Middle East, and we have also recently agreed a strategic relationship with a global software provider to the airline industry, which will see both parties leveraging their complementary merchandising technologies. The development of strategic relationships with key industry players is a central element of our overall business growth strategy, and we are confident of further success in this area in 2013.

The airline industry today, like many others, faces a number of significant challenges; economic uncertainty, an evolving competitive landscape, and rapidly changing customer behaviours. However, it is the very real presence of these challenges that ultimately presents our business with the breadth of the opportunity we now possess. The expertise of our product and people can and is making a difference to the retail capabilities of the airlines we work with.

Summary of 2012 Performance

In 2012 total revenues grew by 15% to US$32.4m, driven by an 11% increase in transaction revenue to US$14.7m, and an increase in services activies as a result of the large new customer deployment programme. These deployments will fuel the growth of revenue delivered by our platform.

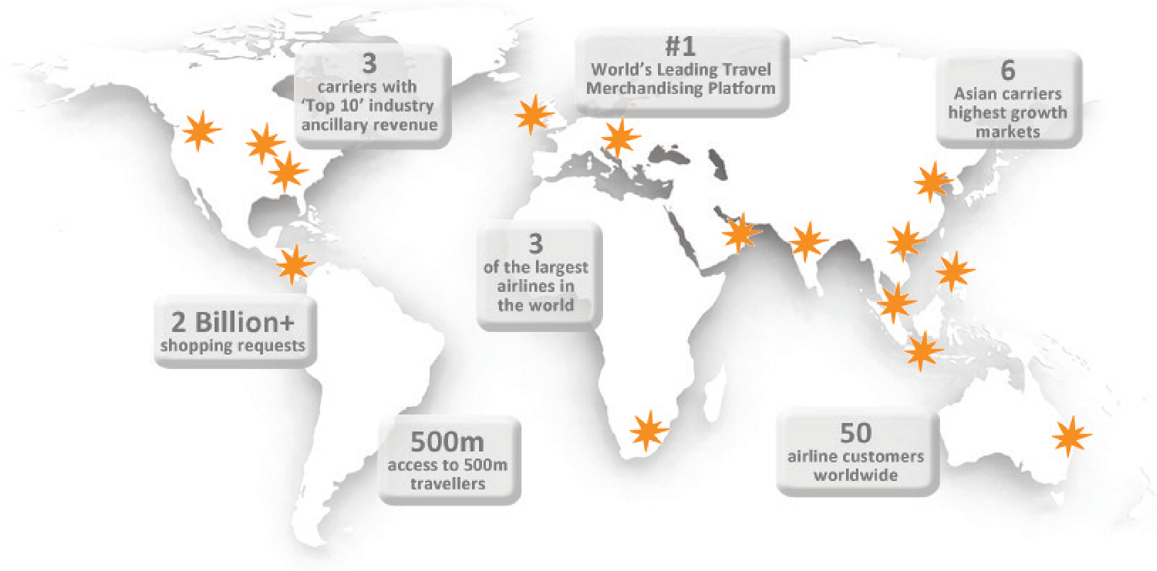
Our EBITDA grew 33% in 2012 to US$5.8m (2011: US$4.3m before 2011 exceptional items), and our total cash reserves at 31 December 2012 were US$14.6m, an increase of 17% on the year (2011:US$12.5m).

I am also pleased to report a profit after tax of US$1.1m for the year (which includes recognition of a previously unrecognised deferred tax asset of US$0.8m compared to a Net Loss excluding exceptional items of US$1.4m in the previous year).

Datalex TDP – A global traveller community of 500 million

The Datalex customer base of airlines now represents over 500 million travellers annually, present in every market and on every continent, from large Tier 1 carriers such as United Airlines, Delta Air Lines and Air China, to mid size innovative travel retailers such as Aer Lingus, Frontier and Westjet. This breadth and depth of our customer base provides us with a unique insight into the development of the air travel market, and allows us to drive product and process innovation in a way that benefits all of our customers.

We look forward to expanding the Datalex TDP family in 2013 and in succeeding years.



Corporate governance and risk management

The Board is committed to corporate governance best practices, 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 19 to 29, describes how we have complied with the principles of good governance, and a summary of the main risks we face, together with how we are managing these risks, is set out on pages 9 and 10.

Board

I would like to thank my board colleagues for their valued contributions during 2012, in particular to Simon Calver, who retired from the board in May 2012. I wish Simon every success in his role as CEO of Mothercare plc.

Management

I would like to thank our new CEO Aidan Brogan, who took up the role in mid 2012, and his management team for their contribution in 2012, together with all of our colleagues in the business. Datalex is and always has been about more than having a market-leading product; it is about the collective expertise and experience of our team, and the relationships we develop with our airline partners.

I would like to make special mention of Cormac Whelan, who stepped down as CEO in June 2012 after more than seven years in the role. Cormac was instrumental in leading the transition of the business in 2005, when we began developing the TDP platform and moved to a transaction model, and in delivering the growth in the business over the last number of years. On behalf of the Board, I would like to offer our sincere thanks for his contribution, and to wish him well in the future.

2013 Outlook

With the new customers now live on our platform, and the airlines that will join them in 2013, we face into 2013 with confidence and optimism. The airline industry is and will remain a challenging place to do business, but our pipeline is strong, and with our people and product, 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, Datalex plc
19 March 2013

Chief Executive's Report

2012 Overview

I am delighted to present my first Chief Executive's Report, and to report on another year of progress and growth. The core value driver for our business is growth in our transaction revenue, and our strategy has three dimensions to drive the growth of this revenue stream; the direct acquisition of new customers, the development and enhancement of existing customers solutions, and the use of selective strategic partnerships with industry players to broaden our customer reach.

In 2012 we made significant progress across each of these headings:

- We undertook a number of significant deployments at major customers such as, Delta, United MPH, Westjet, Garuda, and SITA. Delivery of such a number of ambitious projects in parallel, which are always more difficult and always take longer than anticipated, was made possible with the flexible resource model we have in place, enabled by key outsource partners, which allows us to match our resource pool with our activity needs.
- Simultaneously, we continue to grow our customer base with a number of significant new customer wins, including Virgin Australia and our second Chinese carrier.
- We developed and deployed a range of new functionality at our current suite of customers, including the latest online shopping and personalisation modules.
- We have agreed a new strategic relationship with a global software provider to the airline industry, to leverage our complementary merchandising technologies. We expect to finalise our agreement and begin the first phase of joint engagement in Q2 2013.

The customers that went live on our TDP platform during 2012, including Garuda, Delta Air Lines and a major Asian carrier at SITA, are already delivering growth in our transaction revenue, and coupled with the additional go lives in 2013, including Westjet, Canada's second largest carrier (which went live in March 2013), and United Mileage Plus, we have a solid platform of transaction revenue growth for 2013. The airline industry will always be a challenging environment, as evidenced by the cessation of trading at our customer Spanair in January 2012, however the growth in our business demonstrates that we are now better placed to deal with such unexpected events.

I am pleased to report that in April 2012, following approval by the shareholders in general meeting in February 2012, the High Court granted the company permission to reduce its share capital and in doing so to eliminate the negative reserves on the balance sheet. This development will provide the company with additional flexibility as it moves into profit generation.

Chief Executive's Report (continued)

2012 Performance

The main headlines from our financial performance in 2012 are as follows:

- Profit after tax of US$1.1m, compared to a net loss before exceptional items in 2011 of US$1.4m
- Total revenue up 15% to US$32.4m,
- Transaction revenue up 11% to US$14.7m
- 33% increase in EBITDA to US$5.8m
- 17% increase in cash reserves at year end to US$14.6m

The growth in our services revenue line, up 37% to US$14.1m (2011: US$10.3m) is largely as a result of the number of significant deployments of our product at new customers in 2012.

The result for the year is after net amortisation of product development of US$4.5m (2011: US$5.2m) and net capitalisation of TDP development expenditure of US$3.5m (2011: US$3.4m). We continue to invest in our platform to both enhance its retail capabilities, and to add functionality in new channels such as mobile, which will drive transaction revenue development at existing customers.

Our cost base grew by 11% to US$32.3m (2011: US$29.1m). This increase is a function of costs associated with the number of deployments of our product at new customers that took place during 2012.

	2012 US$M	2011 US$M	Growth
Revenue	32.4	28.0	15% ▲
Transactions revenue	14.7	13.2	11% ▲
Total cost of sales, selling and marketing costs and administrative expenses	32.3	29.1	11% ▲
EBITDA (before exceptional items)	5.8	4.3	33% ▲
Exceptional items	-	(2.5)	-
Profit/(Loss) after tax[1]	1.1	(3.9)	-
Cash and cash equivalents	14.6	12.5	17% ▲
Net working capital	15.2	13.8	10% ▲
EPS - Basic (cent)	1.59	(5.50)	-
EPS - Diluted (cent)	1.50	(5.50)	-

[1]The 2012 Profit after tax includes recognition of previously unrecognised net deferred tax assets of US$0.8m.

Our net working capital continues to grow, increasing US$1.4m to US$15.2m in 2012. As the business grows we continue to place a strong emphasis on trade receivables management, and average trade receivables days outstanding (including unbilled revenue) in 2012 declined to 74 days (2011: 77 days). Unbilled revenue has increased in the year reflecting the scale of deployment projects that are ongoing.

2012 Business Highlights

In the period to the date of issue of this report we brought our TDP platform live at a number of new customers, including;

- Garuda Airlines of Indonesia.
- Air Pacific of Fiji.
- The first tranche of SITA carriers, including a major Asian carrier.
- Delta Air Lines, which went live in Q4. As one of the world's largest and most retail-focused airlines, this is a very significant event for Datalex.
- WestJet, the second largest airline in Canada, who went live at the beginning of March 2013.

We also secured a number of significant new customers in the year, including Virgin Australia, Omanair, our second Chinese carrier and a major Indian carrier.

Chief Executive's Report (continued)

Strategic Relationships

Another key strand of our growth strategy is to identify value-adding strategic partnerships with key industry players, where both parties can leverage their technology and / or market position to mutual advantage. In 2011 we entered into our first such partnership with global airline IT provider SITA, under which we are providing our TDP platform to their airline ecommerce customers. The first of these customers went live in H2 2012, and this process will continue throughout 2013.

I am pleased to report that we have now agreed to enter into a partnership with a global software provider to the airline industry. We expect to finalise our agreement and begin the first phase of joint engagement in Q2 2013.

Product Innovation and Thought Leadership

Since 2005 we have invested over US$37m in our product platform (US$14m of this remains on our balance sheet at 31 December 2012) and it is this commitment to innovation that provides us with the strong market presence we have today globally. We are pleased to report that in December 2012 we were again recognised at the World Travel Awards, winning three accolades, including the 'World's Leading Travel Merchandising Solution' for the third year in a row. This recognition of our product as the world's leading solution is a testament not only to the people in our organisation that built it, but also to our increasing customer base of leading travel retailers who inform and inspire us to continue to innovate.

Increasingly however, the strength of the Datalex offering comes not only from having the best ecommerce product, it comes from our retail philosophy and the thought leadership we demonstrate in the industry. The Datalex vision is to enable airlines to be the best travel retailers they can be, and this is the driver behind some of our recent product investments, like our 'Persona and Offer Optimisation Engine', which, actively and in real time, learns from a customer's shopping behaviour to automatically generate and offer the most appropriate products and services to that shopper. We are moving beyond the idea of an airline merely having 'Big Data', we are enabling the airline to monetise the data through having 'Big Customer Insight'. This is the principles that will help drive our product investment roadmap in the future.

Outlook for 2013

With the continued growth in customers live on our platform, and the new customers that will go live in 2013, we are well placed to drive further long term momentum in our transaction revenue line, which is the key value driver for our business. Challenges will always be with us, particularly in the airline industry, as the cessation of operations at Spanair in January 2012 has shown, but we are well placed to meet and overcome these challenges.

The retail capability of our product, and the quality of our customer base are helping to drive our new business pipeline. 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, it is the sum of these parts that has enabled the successes of recent years.

I would like to make special mention of the contribution of Cormac Whelan, who resigned as CEO of Datalex in mid 2012. Cormac joined Datalex in 2005, and, together with the current management team, embarked on a complete strategic transformation of the business, migrating to the transaction model and building the product platform. Cormac's contribution to where Datalex finds itself today is immense, and on behalf of everybody at Datalex, I would like to offer a huge and sincere thanks to him, and to wish him the best in his future endeavours.

Chief Executive’s Report (continued)

I would like to thank my collegues at Datalex - who are ultimately the reason that travel companies chose to work with us - for their continuing and unswerving commitment to the cause, and their efforts throughout 2012 in delivering our software to some of the world’s premier airlines. In that light, I am pleased to report that, following shareholder approval of the new share option plan in February 2012, and the implementation of the Joint Share Ownership Plan as described in the remuneration report on page 32, we can now align and incentivise our employees to continue to create long term shareholder value for the benefit of all our stakeholders.

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 also like to extend my thanks to the Board for their support and encouragement in 2012. Finally I thank our shareholders for their continued support, and I am grateful for the confidence they are placing in the Datalex team through their investment.

Aidan Brogan

Chief Executive Officer, Datalex plc.

19 March 2013

Risks and Risk Management

As a leading provider of mission critical software products to global airlines, it is critical that Datalex maintains a strong risk management capability. The Board of Directors is responsible for the effective management of risk across the business. The main features of the group's risk management system are described on page 26. A summary of the group's key risks, their potential impact and how the company manages these risks is set out below.

Risk	Potential Impact	Measures to Mitigate
Strategic Market Risk		
Competitor Activity	Datalex operates in a highly competitive market. Any targeted aggressive competitor activity could result in a loss of customers and / or adverse impact on business growth prospects.	We maintain a very high focus on our competitive market, and have developed a strong capability in business intelligence, supplemented by advice from our Corporate Advisory Board of global industry experts. This informs our market strategy and our product innovation strategy.
Concentration of revenue	Technological changes or competitor activity/loss of customers results in adverse impact on financial performance.	We now have a customer base spread across every continent. We have also developed the leading merchandising solution in the market, and are continuing to invest in our product to ensure it leads the market.
Economic impact	Global economic conditions could result in a reduction in level of air travel and / or airline investment, with a consequential impact on our financial performance and growth.	The spread of Datalex customers, from US to China to South Africa and Canada, helps mitigate regional economic conditions. Our product maturity and breadth of functionality means that the business case for new customers is compelling, and even more so in difficult economic times.
Operational Risk		
Service delivery to customers	Cost overruns and delays to commencement of transaction revenue at new deployments.	Our increasing product maturity enables a much more 'off the shelf' delivery model. The Group maintains a strong project management and execution focus, and has a programme of continuous change and learning in place to ensure our service delivery model continues to meet customers needs. We also seek to minimise the impact of any deployment delays on our transaction revenue by including in our contracts the right to commence transaction billing from our readiness date.

Risks and Risk Management (continued)

Risk	Potential Impact	Measures to Mitigate
Operational performance	Our products are mission critical for our customers, and we set an extremely high performance expectation. If we fail to meet these standards it could have an adverse impact on our financial performance and customer satisfaction.	We have a 24/7 support organisation in place, supported by a high level of automated system monitoring and detection. We regularly monitor customer satisfaction with system performance, and incorporate any feedback into our operations processes.
Product quality	Issues with product quality could result in cost overruns or delayed go lives, and negatively impact on our brand and reputation.	Datalex has a robust quality management process in place; our product development organisation has an integrated quality and testing team, which runs detailed testing and carries out regular code quality reviews.
Financial Risk		
Cost management	The Group's cost base is largely activity driven, and its effective utilisation in line with anticipated activity levels is critical to financial performance.	The Group has implemented a flexible operating model, in conjunction with two strategic outsource partners, which allows the business to match its resource levels with forecast activities. This ensures that the business does not incur unnecessary fixed costs, yet has the flexibility needed to meet demand.
Foreign Exchange	Datalex reports in US$ but has a sizeable element of its cost base in Euro and Sterling. Advance fluctuations in exchange rates can negatively impact on financial performance.	The Group manages its net foreign exchange exposure through the use of forward contracts, where appropriate.
Working capital and credit management	Our customers are mainly airlines – operating in challenging environments. Failure to manage credit risk and operating cash flows could result in bad debt exposure and adverse impact on cash reserves.	The Group operates a strict credit policy, and uses standard contract payment terms. The size and age of our trade debt is closely monitored.
Other		
Business interruption to systems, personnel and premises	If a significant event was to occur that resulted in a loss of function of key systems, premises or personnel, the business could be unable to carry out day to day functions across the group.	Arrangements are in place to ensure we can continue to operate in the event of such an incident. The company's business continuity capabilities are reviewed periodically to ensure they are apropriate.
Loss of key personnel	The ongoing success of the group is dependent on attracting and retaining high quality personnel, particularly in software development and project management. A shortage of these skills could impair business growth.	The Group HR function closely manages these risks through effective succession planning, strong recruitment and on-boarding processes, and reward bench marking. The Group has also incorporated the use of strategic outsource partners into its operating model.

Directors and Other Information

DIRECTORS	Paschal Taggart (Chairman) Aidan Brogan (appointed to the board on 25 June 2012, and as Chief Executive Officer on 11 September 2012) David Kennedy (Finance Director) John Bateson Peter Lennon Roger Conan
SECRETARY	David Kennedy
REGISTERED OFFICE	Block U East Point Business Park Clontarf Dublin 3
BANKERS	Bank of Ireland Sutton Cross Dublin 13
SOLICITORS	Maples and Calder 75 St. Stephens Green Dublin 2 McCann Fitzgerald Riverside One Sir John Rogerson's 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. A very experienced finance professional with significant commercial expertise, he was formerly Chairman of Orbiscom plc and has been Chairman of a number of major Irish and international businesses 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), Gilmore Taggart (1985-91), and Cooney Taggart (1991-2012).

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, in representing IIU on the boards of various companies, both private and publicly quoted, has developed significant experience in international technology businesses. Prior to IIU, John was with the corporate finance department of NCB.

Roger Conan (non-executive director)

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 and brings to the company a wealth of specialised legal and industry expertise. A practicing lawyer and partner in the law firm Maples and Calder, 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.

Aidan Brogan (Chief Executive Officer, appointed 25 June 2012)

Aidan Brogan joined Datalex in 1994. Aidan was appointed to the board on 25 June 2012, and took up the role of CEO on 11 September 2012. Prior to taking up the CEO position Aidan was SVP of sales, and was instrumental in building the leading product and market position for Datalex. With nearly 20 years' experience in the airline and travel industry, Aidan's background includes project management, system design, product development, marketing, business planning and international sales. Previous to this Aidan served a variety of roles for Westinghouse in Dubai, UAE, in its airline and travel business in the Middle East, such as Regional Sales Manager and a range of support and development roles.

Board of Directors (continued)

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 qualified with Grant Thornton and later joined Arthur Andersen's tax consultancy division, and is a Fellow of The Institute of Chartered Accountants in Ireland. He 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
Roger Conan	30 May 2011	15 December 2011	6 February 2012	6 September 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
Aidan Brogan	25 June 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 2012.

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 2012 the Group won a number of new contracts, and has grown its EBITDA (before exceptional items) and cash generation on the previous year. A detailed review of the business is included in the Chief Executive's review. Cormac Whelan resigned as CEO and Executive Director of the Group on 25 June 2012, and was succeeded by Aidan Brogan as CEO on 11 September 2012.

Corporate Governance

The Directors' Report on Corporate Governance on pages 19 to 29 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 reflect our competitive environment and the operating characteristics of our industry, and a summary of these risks, together with details of how they are managed, are set out on pages 9 and 10.

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 26.

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 2012 and the consolidated income statement for the year are set out on pages 35 and 36 respectively.

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

Directors' Report (continued)

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	28.57%
Pageant Holdings Limited	7,128,407	9.87%
Farringdon Capital Management SA	5,448,380	7.54%
Mr. Paschal Taggart	2,688,329	3.72%

*Percentage of ordinary share capital in issue on 15 March 2013.

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 2012, 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.

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.

Directors' Report (continued)

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 or 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 2012 are set out below. Unless indicated otherwise, they served as directors for the entire year.

John Bateson*

Simon Calver (Resigned 2 May 2012)

Roger Conan*

David Kennedy

Peter Lennon*

Paschal Taggart*

Cormac M. Whelan (Resigned 25 June 2012)

Aidan Brogan (Appointed to the board on 25 June 2012, and as CEO on 11 September 2012)

(*denotes non-executive director).

Reappointment of directors

In accordance with the Company's policy, all directors will retire, and will offer themselves for re-election in 2013. 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 12 and 13.

Directors' and secretary's interests

The directors and secretary (including the interests of spouses and minor children), who were in office at 31 December 2012, and their families, had the following beneficial interests in the share capital of Datalex plc at 31 December 2012 and 31 December 2011:

Director	2012 Ordinary Shares of US$0.10 each	2012 Options over Ordinary Shares of US$0.10 each	2011 Ordinary Shares of US$0.10 each	2011 Options over Ordinary Shares of US$0.10 each
John Bateson	-	-	-	-
Roger Conan	216,900	-	216,900	-
David Kennedy	30,546	1,077,000	30,546	360,000
Peter Lennon	325,935	-	325,935	-
Paschal Taggart	2,688,329	-	2,660,556	-
Aidan Brogan (Note 1)	117,241	309,620	-	-

Note 1

Aidan Brogan also holds an interest in 260,000 ordinary shares under the Company's Joint Share Ownership Plan, implemented in January 2012 (see Note 9).

Directors' Report (continued)

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.

Going concern

The directors have a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that would be required if the Group were unable to continue as a going concern.

Subsequent events

There have been no subsequent events that impact on the 2012 financial statements up to the date of this report.

Political Donations

The Group and the Company did not make any political donations during the year.

Development activities

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

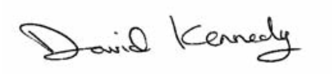
Auditors

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

On Behalf of the Board

Aidan Brogan

19 March 2013



David Kennedy

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 2012 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' statement pursuant to Transparency Regulations

Each of the directors, whose names and functions are listed on page 11 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 profit 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

Aidan Brogan David Kennedy

Aidan Brogan **David Kennedy**

19 March 2013

Corporate Governance Statement

Introduction

This statement forms part of the Directors' report set out on pages 14 to 17. 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.

Under the interpretative provisions of the Irish Annex, Datalex plc is not regarded as being an equivalent size to a company included in the FTSE 350 index on the basis of its market capitalisation.

The Board welcomes the recent corporate governance developments, including the publication of the updated UK Corporate Governance Code (2012) which applies to the group in the year ending 31 December 2013.

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 on pages 12 and 13.

In 2007 the company established a Corporate Advisory Board, consisting of a number of senior global industry experts, including former airline CEOs, to advise it on market and product strategy. The members of this board provide a valuable insight into our market development and help guide both management and the Board in their execution of the strategic plan.

The company has developed an award winning multi-channel ecommerce product platform ('TDP') that offers market-leading retail and merchandising capabilities to its airline customers, which allows them to retail directly to their customers in a way that the industry incumbents cannot. These factors have underpinned the growth in our customer base in 2012, and are reflected in our recognition for the third consecutive year by the World Travel Awards. The Board believe that the key value driver of the business is growth in transaction revenue, and this is enabled in the longer term through the 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 2012, the Board comprised six directors, four non executive directors and two executive directors. Collectively, the non executive directors possess a wide range of financial, commercial and general management experience, investment expertise and software industry experience. However, given the nature of the Datalex business and the anticipated growth opportunites in the coming years, the directors have recognised the likely need to enhance the size, expertise and software/travel industry experience of the Board, in order that it can continue to fulfil its role. The Nominations Committee has developed a shortlist of potential board candidates, and it is the Board's intention to make a suitable appointment by mid 2013.

Neither of the Executive Directors hold any directorships in companies outside of the Datalex Group.

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 ten 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 page 25. 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.

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 and has served on the Board since 2001, 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. Roger Conan was appointed by rotation as Senior Independent non-executive director on 25 February 2013, replacing Mr. Peter Lennon in the role. The Senior Independent non-executive director is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Finance Director, and he 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?

Corporate Governance Statement (continued)

Using these criteria, the Board 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, has served on the Board since 1993, and also through the firm Maples and Calder of which he is a partner, is a legal advisor to the Group,
- John Bateson, as representative of the largest shareholder in the Group, IIU Nominees Ltd.

The Board 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 recognises however, that the company has evolved considerably over the last number of years, since embarking on the development of its product platform and migrating to the transaction model in 2005. In this context, the Board believes that the company benefits from the continuity of tenure and considerable experience that Mr. Taggart and Mr. Lennon bring to bear on the company's governance. The Board are also satisfied that both the directors continue to demonstrate independence in the execution of their roles and their contribution to the overall performance of the Board. As outlined on page 19, the Board, in recognition of the expected growth of the company in the coming years, intend to appoint an additional independent non-executive director by mid 2013. Furthermore, any legal services that are provided to the company, by Maples and Calder, are of such a minor nature (less than US$10,000 in 2012) that they would in no way compromise the independence of Mr Lennon.

In the case of John Bateson, it is the belief of the Board that he demonstrates his independence on an ongoing basis in the manner in which he carries out his role.

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. 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, to ensure that the performance and skills of each director is appropriate to the needs of the company as the business develops. During 2012, 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 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 30 to 32.

It is a requirement of the Irish Annex that any share awards to directors must have a minimum vesting period of three years from the date of grant. The Board notes that in January 2012 Aidan Brogan was granted 260,000 shares under the Company's Joint Share Ownership Plan, as described on page 31, and that this grant is subject to a two year vesting period. The Board acknowledges that this award was made before Aidan Brogan was appointed as a director of the Company.

Corporate Governance Statement (continued)

Meetings

The Board routinely meets at least six times a year and additionally as required. During the year, the Board met ten times. Details of directors' attendance at these meetings are set out on page 25.

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, the current status of the sales pipeline and 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.

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.

Corporate Governance Statement (continued)

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 2012 comprised John Bateson (Chairman) – who has recent and relevant financial experience, Peter Lennon and Roger Conan. The Committee members attended all the meetings during 2012, with the exception of Peter Lennon, who by prior arrangement, was absent from two meetings. The Finance Director and external auditors are invited, where relevant, 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. In advance of the year-end, the Committee reviewed the external auditor's 2012 year-end audit plan and during March 2013, reviewed in detail the 2012 Report to the Audit Committee prepared by the external auditors.
- 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 and re-appointment 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 both by management and the external auditors during the year and in prior years;
- Reviewing the effectiveness of key accounting processes, such as the capitalisation of development expenditure and the revenue billing process;
- As part of the year end process, the Committee reviewed the accounting for share based payments, the share capital reduction and the judgements around deferred tax;

- The Chairman of the Committee also meets periodically with members of the Finance Team and the audit partner. 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. The policy exists to ensure that the external auditor does not audit its own work, participate in activities that would normally be undertaken by management, have a mutuality of financial interests with the Group or act in an advocacy role to the Group.

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. In particular, the Committee is satisfied that the external auditor has not participated in management activities, placed themselves in a situation where they have a mutuality of interest with the Group, review their own work or act in an advocacy role.

Nominations Committee

The Nominations Committee met twice during the year and, at 31 December 2012, comprised Paschal Taggart (Chairman), John Bateson, Peter Lennon and Roger Conan, who was appointed to the Committee on 6 September 2012. All Committee members attended both meetings, with the exception of Peter Lennon and John Bateson, who by prior arrangement, were absent from one meeting each.

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 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.

On 25 June 2012, Cormac Whelan resigned as CEO and Executive Director. On the same date, the Nominations Committee recommended to the board the appointment of Aidan Brogan, then SVP of Sales, to the Board as Executive Director and Interim CEO. The Board approved the appointment. The Committee then undertook a selection process, to identify a permanent replacement for Cormac Whelan. After a detailed examination of a number of potential candidates, and after consultation with the company's advisory board, the Nominations Committee recommended the appointment of Aidan Brogan as CEO on a permanent basis. The board approved this appointment on 11 September 2012.

Corporate Governance Statement (continued)

Remuneration Committee

The Remuneration Committee, at 31 December 2012, comprised John Bateson, Roger Conan, Peter Lennon and Paschal Taggart. The Committee 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. As evidenced by the Board member biographies on pages 12 and 13, the committee, both individually and collectively, possess significant experience and expertise in remuneration matters across a range of companies and industries. The terms of reference of the Remuneration Committee, including its role and the authority delegated to it by the Board, are available on demand from the Company Secretary. The Committee met once during the year, and all members attended.

The 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 and the Irish Annex 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 2012 is set out below:

Name	Appointed	Board		Audit Committee		Remuneration Committee		Nomination Committee	
		A	B	A	B	A	B	A	B
John Bateson	2006	10	8	4	4	1	1	2	1
Simon Calver	2005	3	1	2	-	-	-	1	1
Roger Conan	2011	10	10	4	4	1	1	1	1
David Kennedy	2008	10	10	-	-	-	-	-	-
Peter Lennon	1993	10	10	4	2	1	1	2	1
Paschal Taggart	2001	10	9	-	-	1	1	2	2
Cormac Whelan	2005	5	5	-	-	-	-	-	-
Aidan Brogan	2012	5	5	-	-	-	-	-	-

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

Column B details the number of meetings attended during the year in the period that the director was a member of the Board and/or committee.

Corporate Governance Statement (continued)

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 a 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. A summary of the key risks, together with mitigating actions, is set out on pages 9 and 10.
- there is a comprehensive annual planning and budgeting system in place, cascading from the group's three year strategic plan, which itself was updated and revised in Q4 2012. Progress against the annual plan is assessed on a monthly basis by management and the Board through detailed financial performance reporting, and short / medium term forecasts are prepared through which the three year strategic plan is continuously updated;
- a detailed assessment of the operation of the Group's internal financial control environment is carried out each year;
- the Group has written procedures and authority limits for all operating and capital expenditure, and
- the Group has a clearly defined policy and procedure for the evaluation, negotiation and sign-off of new business proposals and contracts.

Corporate Governance Statement (continued)

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;
- an annual self-certification process requiring confirmation that the system of internal control is operating effectively is in place;
- the consolidated financial information is reconciled to the underlying financial systems;
- a review of the consolidated financial information is undertaken by management to ensure that the true position and results of the Group are reflected;
- the Group prepares detailed monthly financial and operational performance reports, together with rolling quarterly revenue and cash forecasts;
- the Board reviews actual performance against budget on a monthly basis;
- the Chief Executive and Finance Director carry our periodic business performance reviews; and
- the Finance Director regularly 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 2012, 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 key financial controls, capital expenditure, operational risk and treasury and credit risk management;
- all investment decisions are subject to formal levels of authorisation and approval; and

Corporate Governance Statement (continued)

- Where professional expertise is necessary, professional advisors are engaged.

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 decided that it is not warranted given the size and complexity of the Group at this time. The Board will continue to re-evaluate this position on an annual basis. As outlined on page 23, members of the Audit Committee periodically examine the operation of key accounting processes in the business and report back to the Committee.

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 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 2012 ("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 as are not by the Acts or by the Articles required to be exercised by the company in general meeting. Matters reserved by the Acts to the shareholders in general meeting include:

- election of directors;

Corporate Governance Statement (continued)

- payment of dividends;
- appointment of external auditors;
- amendments of the Articles of Association;
- measures to increase or reduce the share capital; and
- authority to issue shares

Compliance statement

The Group has applied the principles and provisions of the UK Code and the Irish Annex throughout the year ended 31 December 2012, 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 decided that it is not warranted at this time given the size and complexity of the Group. The Board will continue to preiodically review this position;
- 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; and
- Aidan Brogan, Executive Director, was granted participation in the company's Joint Share Ownership Plan in January 2012, which provides for a vesting period over two years, (refer to Remuneration report). The 2012 performance conditions were not achieved, and the 2012 element has been carried forward, and vesting will be subject to meeting FY 2014 targets. This award was made prior to Mr. Brogan's appointment as a director and CEO of the company.

On Behalf of the Board

Aidan Brogan **David Kennedy**

19 March 2013

Remuneration Report

Introduction

This report deals with directors' remuneration for the year ended 31 December 2012. 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 Scheme, which was approved by shareholders on 6 February 2012, provide for a minimum vesting period of three years from the date of grant, and vesting is subject to the achievement of challenging performance targets (see Note 9).

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 6 February 2012. As evidenced by the board member biographies on pages 12 and 13, the committee, both individually and collectively, possess significant experience and expertise in remuneration matters across a range of companies and industries. None of the committee members have any 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

Aidan Brogan 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 €286,000 and €175,000 (2011: €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. 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 €41,200.

Non-Executive Directors

The Company agreed in September 2012 with its non-executive directors to pay each non-executive director US$60,000 per annum (2011: €37,800) in respect of their services as directors. The Chairman is paid an annual fee of US$120,000 per annum (2011: €75,600). Non-executive directors' fees of US$37,735 (2011: US$81,515) were accrued at the year end.

Share performance

The price range during the period from 1 January 2012 to 31 December 2012 was €0.35 to €0.85.

Remuneration Report (continued)

Part II – This part of the remuneration report is audited. The information below forms part of the audited financial statements as described in the basis of preparation in Note 2.1.

Remuneration of directors

The following table sets out the remuneration of the directors during their period on the Board in 2012:

Directors	Basic salary & fees inc performance bonus US$'000	Other Benefits US$'000	Pension Contributions US$'000	Share Awards Charge US$'000	2012 Total US$'000	2011 Total US$'000
John Bateson	53	-	-	-	53	53
Simon Calver	17	-	-	-	17	53
David Kennedy	232	17	9	38	296	243
Roger Conan	53	-	-	-	53	33
Peter Lennon	53	-	-	-	53	53
Paschal Taggart	106	-	-	-	106	106
Cormac M. Whelan (resigned 25 June 2012) [(1)]	247	4	12	-	263	425
Aidan Brogan (appointed to the board on 25 June 2012) [(2)]	240	9	4	1	254	-
Total	**1,001**	**30**	**25**	**39**	**1,095**	**966**

[(1)] Cormac Whelan's remuneration is stated up to his resignation from the Board on 25 June 2012.

[(2)] Aidan Brogan's remuneration includes salary and commission earned after his appointment to the Board on the 25 June 2012.

Cormac Whelan resigned as Executive Director and CEO of the company on 25 June 2012 by mutual agreement with the Board of Directors. Under his service contract, Mr. Whelan was entitled to notice pay of six months salary (€143,000). In addition to this, the Company agreed to pay Mr. Whelan an ex gratia payment of €197,500. The Board also agreed to extend the period during which Cormac Whelan could exercise his 660,000 share options to 31 March 2013. Mr Whelan also agreed to certain restrictions that will apply to him after his resignation, including non-disclosure, non-competition and non-solicitation.

In September 2012, the Company entered into a 12 month consultancy agreement with NGCS Works Ltd, a company controlled by Mr. Whelan, for the provision of consultancy services with effect from September 2012.

Bonus

Executive Directors participate in an annual performance incentive scheme based on a combination of individual objectives and company performance targets for EBITDA and cash. For the year ended 31 December 2012, David Kennedy was paid a bonus of €20,500. Aidan Brogan's commission since his appointment to the board on 25 June 2012 was €66,688.

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 2012 were US$25,000 (2011: US$28,000).

The total contributions accrued for Aidan Brogan and David Kennedy under the scheme at the year ended 31 December 2012 were US$Nil (2011: US$Nil) and US$Nil (2011: US$Nil).

Remuneration Report (continued)

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 2012	Granted during the year	Expired during the year	At 31 December 2012	Exercise price range	Date From which exercisable	Expiry date
David Kennedy	360,000	717,000	-	1,077,000	€0.54-€0.48	2009 / 2016	2019 / 2022
Cormac M.Whelan	660,000	2,151,000	2,151,000	660,000	€0.40-€0.48	2005 / 2013	31/03/2013
Aidan Brogan	334,620	-	25,000	309,620	€0.13-€0.53	2004 / 2011	2013 / 2020

In January 2012, Aidan Brogan was granted 260,000 shares under the Joint Share Ownership Plan, as described below, which provides for a vesting period over two years. The Board acknowledges that this award was made before Aidan Brogan was appointed as CEO and as a director of the Company.

2012 Share Option Plan

On February 6 2012 a new share option plan was approved by shareholders in general meeting, to replace the previous plan that had expired on its 10th anniversary in August 2010. Under the 2012 plan, share options may only vest after the third anniversary of award, and vesting is subject to the achievement of challenging annual performance conditions, as determined by the Remuneration Committee. Performance conditions relate to EBITDA and cash targets, and other measures of shareholder value as the Remuneration Committee may consider appropriate.

Vesting of share options granted in 2012 are subject to the achievement of performance targets in FY 2012, FY 2013 and FY 2014, with vesting due on the third anniversary of award in 2015. The performance conditions set down for FY 2012 (EBITDA and cash) were not met, and consequently, the portion of any awards made during the year which relate to 2012 performance will not vest on their third anniversary in 2015. The Remuneration Committee has determined that the 2012 performace target will be carried forward one year from that date, with vesting to be subject to performance conditions in FY 2015.

Joint Share Ownership Plan

In January 2012, the Board of Directors approved the establishment of a Joint Share Ownership Plan. The scheme is intended to incentivise senior management in the company (excluding executive directors) towards the achievement of challenging performance targets for EBITDA and cash generation during the years ending 31 December 2012 and 31 December 2013. Under the plan the participants and an Employee Benefit Trust which is a wholly owned subsidiary of Datalex (Ireland) Limited jointly acquired 1.56m shares of existing stock at the open market price (€0.36 per share). Subject to meeting the performance conditions, the shares will vest in two equal tranches, on 31 December 2012 and 2013.

The performance conditions set down for FY 2012 (EBITDA and cash) were not met, and consequently, the first 50% of the shares which relate to 2012 performance will not now vest on 31 December 2012, and will instead be carried forward to FY 2014, (including the awards of Aidan Brogan), with vesting to be subject to EBITDA and cash generation targets as agreed by the Remuneration Committee.

On Behalf of the Remuneration Committee

Peter Lennon

Independent auditors' report to the members of Datalex plc

We have audited the financial statements of Datalex plc for the year ended 31 December 2012 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 Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Acts 1963 to 2012.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 18, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, 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 these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended;
- the Company financial statements give a true and fair view in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2012, of the state of the Company's affairs as at 31 December 2012 and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2012 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Matters on which we are required to report by the Companies Acts 1963 to 2012

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

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

- In our opinion proper books of account have been kept by the company.
- The Company Statement of Financial Position is in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements is consistent with the group financial statements.
- The net assets of the Company, as stated in the Company Statement of Financial Position, 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 2012 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Acts 1963 to 2012 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Listing Rules of the Irish Stock Exchange we are required to review:

- the directors' statement, set out on page 17, in relation to going concern;
- the part of the Corporate Governance Statement relating to 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; and
- the six specified elements of disclosures in the report to shareholders by the Board on directors' remuneration.

Damian Byrne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock, North Wall Quay, Dublin 1

19 March 2013

Consolidated Statement of Financial Position

As at 31 December 2012

	Notes	2012 US$'000	2011 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,674	1,184
Intangible assets	5	13,821	14,735
Deferred income tax assets	19	840	-
Total non-current assets		**16,335**	**15,919**
Current Assets			
Trade and other receivables	7	7,917	8,350
Financial assets - Forward contracts	26	145	-
Cash and cash equivalents	8	14,628	12,537
Total current assets		**22,690**	**20,887**
TOTAL ASSETS		**39,025**	**36,806**
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital	9	7,222	7,171
Other equity share capital	9	262	262
Other reserves	10	1,624	187,748
Retained earnings/(deficit)		21,879	(166,011)
TOTAL EQUITY		**30,987**	**29,170**
LIABILITIES			
Non-current liabilities			
Borrowings	12	513	538
Total non-current liabilities		**513**	**538**
Current liabilities			
Trade and other payables	11	6,817	6,588
Borrowings	12	708	430
Current income tax and liabilities		-	80
Total current liabilities		**7,525**	**7,098**
TOTAL EQUITY AND LIABILITIES		**39,025**	**36,806**

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

On Behalf of the Board

Aidan Brogan **David Kennedy**

19 March 2013

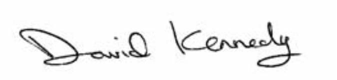
Consolidated Income Statement

For the year ended 31 December 2012

	Notes	2012 US$'000	2011 US$'000
Revenue	13	32,350	28,030
Cost of sales	14	(26,722)	(24,564)
GROSS PROFIT		**5,628**	**3,466**
Selling and marketing costs - excluding Exceptional items	14	(2,844)	(2,797)
Administrative expenses	14	(2,782)	(1,724)
Other gains/(losses)	15	355	(314)
OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS		**357**	**(1,369)**
Exceptional items	17	-	(2,523)
OPERATING PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS		**357**	**(3,892)**
Finance income	18	57	53
Finance costs	18	(94)	(60)
PROFIT/(LOSS) BEFORE INCOME TAX		**320**	**(3,899)**
Income tax credit/(expense)	19	801	(46)
PROFIT/(LOSS) FOR THE YEAR		**1,121**	**(3,945)**
PROFIT/(LOSS) PER SHARE (in US$ cents per share)			
Basic	20	1.59	(5.50)
Diluted	20	1.50	(5.50)

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

On Behalf of the Board



Aidan Brogan

David Kennedy

19 March 2013

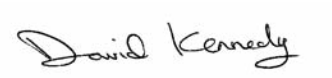
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	2012 US$'000	2011 US$'000
Profit/(loss) for the financial period		1,121	(3,945)
Other comprehensive income:			
Currency translation differences	10	1	38
Comprehensive income and expense for the financial period		**1,122**	**(3,907)**

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

On Behalf of the Board



Aidan Brogan

David Kennedy

19 March 2013

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Equity share capital	Other equity share capital	Other reserves	Retained earnings[1]	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2011	**7,165**	**262**	**187,660**	**(162,066)**	**33,021**
Loss for the year	-	-	-	(3,945)	(3,945)
Other comprehensive income	-	-	38	-	38
Total comprehensive income for the year	-	-	38	(3,945)	(3,907)
Employee share option scheme charge	-	-	46	-	46
Issue of ordinary shares on exercise of options	6	-	4	-	10
Balance at 31 December 2011	**7,171**	**262**	**187,748**	**(166,011)**	**29,170**
Balance at 1 January 2012	**7,171**	**262**	**187,748**	**(166,011)**	**29,170**
Profit for the year	-	-	-	1,121	1,121
Other comprehensive income	-	-	1	-	1
Total comprehensive income for the year	**-**	**-**	**1**	**1,121**	**1,122**
Employee share option scheme charge	-	-	207	-	207
Issue of ordinary shares on exercise of options	51	-	143	-	194
Share Capital reduction (Note 10)	-	-	(186,769)	186,769	-
Proceeds from exercise of collateral on Datalex plc shares (Note 10)	-	-	1,017	-	1,017
Purchase of treasury shares (Note 9)	-	-	(723)	-	(723)
Balance at 31 December 2012	**7,222**	**262**	**1,624**	**21,879**	**30,987**

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

[1]The court approved capital reduction and its impact on retained earnings is explained in Note 10.

On Behalf of the Board

Aidan Brogan **David Kennedy**

19 March 2013

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Notes	2012 US$'000	2011 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	6,690	6,229
Income tax paid		(119)	(56)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**6,571**	**6,173**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(1,171)	(923)
Additions to intangible assets	5	(4,173)	(4,215)
Interest received		57	53
Proceeds from the disposal of assets		-	9
NET CASH USED IN INVESTING ACTIVITIES		**(5,287)**	**(5,076)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (including share premium)		194	10
Proceeds from exercise of collateral on Datalex Plc shares	10	1,017	-
Purchase of treasury shares	9	(723)	-
Increase in finance lease liabilities		253	600
Interest Paid		(94)	(60)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**647**	**550**
Net increase in cash and cash equivalents		1,931	1,647
Foreign Exchange profit/(loss) on cash and cash equivalents		160	(218)
Cash and cash equivalents at beginning of year		12,537	11,108
CASH AND CASH EQUIVALENTS AT END OF YEAR		**14,628**	**12,537**

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

On Behalf of the Board

Aidan Brogan **David Kennedy**

19 March 2013

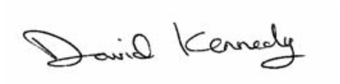
Company Statement of Financial Position

As at 31 December 2012

	Notes	2012	2011
		US$'000	US$'000
ASSETS			
Non current assets			
Investments in subsidiaries	6	45,318	45,318
Current Assets			
Trade and other receivables	7	1,721	2,631
Cash and cash equivalents	8	1,129	5
Total current assets		2,850	2,636
TOTAL ASSETS		**48,168**	**47,954**
EQUITY			
Capital and reserves attribute to equity holders of the company			
Ordinary share capital	9	7,222	7,171
Other equity share capital	9	262	262
Other reserves	10	40,812	359,776
Retained earnings		(128)	(319,255)
TOTAL EQUITY		**48,168**	**47,954**

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

On Behalf of the Board



Aidan Brogan **David Kennedy**

19 March 2013

Company Statement of Changes in Equity

For the year ended 31 December 2012

	Equity share capital US$'000	Other equity share capital US$'000	Other reserves US$'000	Retained earnings US$'000	Total Equity US$'000
Balance at 1 January 2011	**7,165**	**262**	**359,726**	**(319,292)**	**47,861**
Profit for the year	-	-	-	37	37
Other comprehensive income	-	-	-	-	-
Total comprehensive income 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**
Balance at 1 January 2012	**7,171**	**262**	**359,776**	**(319,255)**	**47,954**
Loss for the year	-	-	-	(187)	(187)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**(187)**	**(187)**
Issue of ordinary shares on exercise of options	51	-	143	-	194
Share Capital reduction	-	-	(319,314)	319,314	-
Employees share option scheme charge	-	-	207	-	207
Balance at 31 December 2012	**7,222**	**262**	**40,812**	**(128)**	**48,168**

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

On Behalf of the Board

Aidan Brogan
19 March 2013

David Kennedy

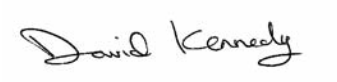
Company Cash Flow Statement

For the year ended 31 December 2012

	Notes	2012 US$'000	2011 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	21	930	(5)
NET CASH USED IN OPERATING ACTIVITIES		930	(5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		194	10
NET CASH GENERATED FROM FINANCING ACTIVITIES		**194**	**10**
Net increase in cash and cash equivalent		1,124	5
Cash and cash equivalents at beginning of year		5	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	**1,129**	**5**

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

On Behalf of the Board



Aidan Brogan **David Kennedy**

19 March 2013

Notes to the financial statements

For the year ended 31 December 2012

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 19 March 2013.

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 2012 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 notes to the financial statements include the information in the Remuneration Report that is described as being an integral part of the financial statements.

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 facilities and 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 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 Summary of significant accounting policies (continued)

2.3 Revenue recognition

The Group's revenue consists primarily of revenues from the use of software products and delivery of 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.

(i) Transaction Fees

Customers are charged a fee per transaction processed on the Group's Travel Distribution Platform software. A transaction includes air fare bookings, non-air ancillary items such as car, hotel and insurance bookings and air ancillary items such as seat fees or bag fees. Transaction based contracts are typically 5 years in duration. Revenues are recognised during the month the transaction takes place. Transaction revenue is invoiced monthly or quarterly in arrears in respect of transactions processed in the previous month or quarter.

Customer contracts may provide for a minimum level of transaction fee payments, which may be in excess of actual bookings in the initial periods of a contract. Customer contracts may also include the right to begin charging minimum transaction fees in advance of go live, once the solution is production ready, at which point the revenue is recognised.

In some arrangements the Group also charges a monthly managed service fee where a customer's software solution is hosted in-house.

(ii) Professional Service Fees

The Group charges a service fee to customise and configure its software to both existing and new customers. 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.

(iii) TPF Consulting and associated revenue

The Group's consulting and associated revenue primarily consists of revenue generated from the Group's TPF consulting activities. TPF 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 TPF 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 be available for use or sale;

2 Summary of significant accounting policies (continued)

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 the 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.

2.6 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 or substantively 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.

2 Summary of significant accounting policies (continued)

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

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

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

2.8 Government grants

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

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

2.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original contractual terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectable, it is written off against the provision account for in 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.

2 Summary of significant accounting policies (continued)

(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 share 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 including EBITDA and cash performance 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 total expense is recognised over the vesting period which is the period over which all the specified vesting conditions are to be satisfied. Modifications of the performance conditions are accounted for as a modification under IFRS 2. In particular, where a modification increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. 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.

(c) Joint Share Ownership Plan

During the year, the Company established a Joint Share Ownership Programme under which certain employees were granted the opportunity to participate in a Share Ownership Plan that contains both performance and service conditions. The fair value of the employee services received in exchange for the grant of the ownership interest is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted. Non-market vesting conditions including EBITDA and cash performance are included in assumptions about the number of awards that are expected to become full ownership interests. At each statement of financial position date, the estimate of the number of awards that are expected to become full ownership interests 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 total expense is recognised over the vesting period which is the period over which all the specified vesting conditions are to be satisfied. Modifications of the performance conditions are accounted for as a modification under IFRS 2. In particular, where a modification increases the fair value of the equity instruments granted, the Group has included the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period.

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.

2 Summary of significant accounting policies (continued)

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates 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 equivalents comprise cash at bank and in hand, 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 Treasury shares

Where the Company issues or purchases equity share capital under its Joint Share Ownership Plan, which is held in trust by an Employee Benefit Trust, these shares are classified as treasury shares on consolidation until such time as the interests vest and the participants acquire the shares from the Trust or the interests lapse and the shares are cancelled or disposed of by the Trust. Treasury shares have been excluded in the calculation of basic and diluted earnings per share (See Note 20).

2 Summary of significant accounting policies (continued)

2.16 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.

2.17 Trade payables

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

2.18 Finance income and expenses

Interest income and expenses are recognised on a time-proportion basis using the effective interest method.

2.19 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.

2.20 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 an interest expense.

2.21 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 below.

(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 and supervisory time, bug fixing (rebasing and republishing) 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.

A sensitivity analysis has been included in Note 5.

(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's estimate of the period over which the asset will generate revenue. If the useful lives had increased by an average of 1 year in the year ended 31 December 2012, 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 2012, then our amortisation charge would have increased by US$1m.

(d) Percentage of completion of revenue

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.

3 Critical Accounting Estimates and Judgements (continued)

(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 recognised a deferred income tax asset of US$0.8m (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. There is no absolute assurance the assets recognised will be realised.

(f) Grant date of share based payments

The grant date is the date when the award was made and the Group and the counter party have obtained a shared understanding of the terms and conditions of the arrangement. The Group has the ability to alter the performance conditions under the Joint Share Ownership Scheme and the new Share Option Scheme (see Note 9) through the terms of the plans, which allow the Remuneration Committee to alter these conditions after the grant date has occurred. A change in the performance conditions after the grant date would impact in the fair value of the awards and consequently could represent a different share based payment charge under IFRS 2. All awards in 2012 have been accounted for at valuations determined at the grant date.

Judgement has also been used to assess the probability that performance conditions are met.

4 Property, Plant and Equipment

	Fixtures & Fittings US$'000	Computer Equipment US$'000	Total US$'000
At 1 January 2011			
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**
Year ended 31 December 2012			
Opening net book amount	65	1,119	1,184
Costs			
Additions	166	1,005	1,171
Disposals	(9)	-	(9)
Depreciation			
Depreciation charge	(42)	(638)	(680)
Disposals	8	-	8
Closing net book amount	**188**	**1,486**	**1,674**
At 31 December 2012			
Cost	366	3,728	4,094
Accumulated depreciation	(178)	(2,242)	(2,420)
Net book amount	**188**	**1,486**	**1,674**

Depreciation of US$574,300 (2011: US$309,907) has been charged in cost of sales, US$65,393 (2011: US$40,253) in selling and marketing expenses and US$40,307 (2011: US$26,610) in administrative expenses in the income statement.

Included in the computer equipment of the Group is equipment acquired under finance leases relating to hosting equipment as follows:

	2012 US$'000	2011 US$'000
Cost	2,021	1,176
Accumulated Depreciation	(797)	(286)
Net Book Value	**1,224**	**890**
Depreciation Charge for the financial year	**511**	**286**

5 Intangible Assets

	Software	TDP Development	Total
	US$'000	US$'000	US$'000
At 1 January 2011			
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)
Closing net book amount	**352**	**14,383**	**14,735**
Year ended 31 December 2012			
Opening net book amount	352	14,383	14,735
Additions	297	3,876	4,173
Government grant assistance	-	(363)	(363)
Amortisation charge	(197)	(4,527)	(4,724)
Closing net book amount	**452**	**13,369**	**13,821**
At 31 December 2012			
Cost	1,209	37,664	38,873
Accumulated amortisation	(757)	(24,295)	(25,052)
Closing net book amount	**452**	**13,369**	**13,821**

Amortisation of US$4.7m (2011: US$5.3m) is included in the cost of sales in the income statement. The weighted average remaining amortisation period of the TDP development is 43 months (2011: 44 months). In the year research and development expenditure of US$1.7m (2011: US$0.9m) was recognised as an expense in the income statement.

Management has identified two individual cash generating units (CGU), E-business and TPF 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 2012.

5 Intangible Assets (continued)

An impairment test was carried out at 31 December 2012 and at 31 December 2011 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 2013 to 2015, together with management forecasts for 2016 and 2017. A five year period is used as this corresponds to the standard customer contract duration, and almost 80% of current customer contracts extend to 2017 or beyond. Projected revenue growth in this five year period is delivered by customer go lives during 2012, new customers contracted in 2012 that will go live during 2013, together with projected growth in online penetration in developing markets such as Asia in respect of contracts currently in place. The estimated net future cash flows do not include any revenue projections from currently un-contracted new business that may be secured in 2013 or future years. No terminal value has been allocated.

The key assumptions used for value-in-use calculations were cash gross margin for its transaction revenue of 33% (2011: 40%), average growth rate of 7% (2011: 11%) and a discount rate of 10% (2011: 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 31% (2011: 38%), the value in use would equal the net carrying amount.

If the cash gross margin used in the impairment calculations was 23% (2011: 24%), the value in use would equal the net carrying amount.

If the average growth assumptions used in the impairment calculations was a positive 4% (2011: positive 1%), the value in use would equal the net carrying amount.

6 Investment in Subsidiaries

Company only	2012 US$'000	2011 US$'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%	Delivery of professional services and hosting	2325 Lakeview Parkway Suite 600 Alpharetta, GA, 30009 USA.
Datalex Netherlands B.V	100%	TPF Consulting	Parlevinker 21, 1186 ZA Amstelveen,The Netherlands.
Teamwork Solutions Limited	100%	Delivery of professional services	Tower 12, 18-22 Bridge Street, Spinningfields, Manchester, M3 3BZ, UK.
Datalex Tokenization, Inc.	100%	Provision of online payment processing connectivity in line with PCI compliance	2325 Lakeview Parkway Suite 600 Alpharetta, GA, 30009 USA.
Datalex Employee Benefit Trust	100%	Share Trust (JSOP)	12 Castle Street, St Helier, Jersey JE2 BR2

7 Trade and other receivables

	Group 2012 US$'000	Group 2011 US$'000	Company 2012 US$'000	Company 2011 US$'000
Trade receivables	4,358	4,135	-	-
Less: provision for impairment	(540)	(419)	-	-
Trade receivables - net	3,818	3,716	-	-
Amounts owed by group undertakings	-	-	1,695	2,631
Other receivables	594	869	26	-
Prepayments	786	1,562	-	-
Accrued income	2,719	2,203	-	-
	7,917	**8,350**	**1,721**	**2,631**

The fair value of trade receivables approximates 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.

7 Trade and other receivables (continued)

(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				Neither		
	Less than 30 days US$'000	Between 31-60 days US$'000	Between 61-90 days US$'000	More than 90 days US$'000	impaired nor past due US$'000	Impaired US$'000	Total US$'000
At 31 Dec 2012	1,005	542	45	283	1,943	540	4,358
At 31 Dec 2011	441	52	83	1,099	2,041	419	4,135

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

	2012 US$'000	2011 US$'000
At 1 January 2012	419	171
Utilised in the year	(39)	(249)
Unused amounts reversed	(6)	(49)
Charge for the year (1)	166	546
At 31 December 2012	**540**	**419**

(1) The 2011 charge includes an exceptional loss of $0.4m arising from the provision for trade receivables from Spanair which ceased trading in January 2012.

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 2012, a significant portion of the trade receivables of the Group related to a limited number of customers as follows;

	2012	2011
Customer A	19%	11%
Customer B	11%	9%
Customer C	10%	7%
Customer D	9%	3%
Customer E	6%	5%
Customer F	5%	18%
Customer G	0%	12%
Customer H	0%	9%

7 Trade and other receivables (continued)

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

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

	Group 2012 US$'000	Group 2011 US$'000
US$	2,584	2,915
Euro	1,686	996
Sterling	88	224
	4,358	**4,135**

8 Cash and Cash Equivalents

	Group 2012 US$'000	Group 2011 US$'000	Company 2012 US$'000	Company 2011 US$'000
Cash at bank and in hand	9,395	10,618	1,129	5
Short-term bank deposits	5,233	1,919	-	-
	14,628	**12,537**	**1,129**	**5**

The Group's cash and cash equivalents as at 31 December 2011 included US$0.7m which were held by legal and other advisors as funds in trust. There is no restricted cash in 2012.

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

The Group's currency exposure is set out below. Such exposure comprises the cash and cash equivalents of the Group that are denominated other than in US dollars. As at 31 December 2012 these exposures were as follows:

Non-US$ denominated monetary assets	**2012 US$'000**	**2011 US$'000**
Euro	4,207	4,053
Sterling	1,541	1,892
Other	17	20
Total Non-US$	**5,765**	**5,965**

9 Share Capital

Authorised Share Capital – Group and Company	2012 US$'000	2011 US$'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 2012	**71,709**	**7,171**	**2,542**	**254**	**30**	**8**
Employee share option scheme-proceeds from share issue	509	51	-	-	-	-
At 31 December 2012	**72,218**	**7,222**	**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.

Treasury Shares

As set out later in this note, an Employee Benefit Trust has an interest over 1.56m ordinary shares. For accounting purposes these shares are treated as treasury shares.

9 Share Capital (continued)

Employee share options scheme – 2000 Share Option Schemes

The Group had operated two employee share option schemes up to their date of expiration in August 2010, together referred to as 2000 Share Option Schemes. 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 is equal to the market price of the shares on the date of grant.

UK share option scheme

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

Summary of employee share options activity (number of options) in respect of 2000 Share Option Schemes

	2012 2000 Group share option scheme	2011 2000 Group share option scheme
Outstanding at beginning of year	5,295,501	6,669,849
Granted during the year	-	-
Exercised during the year	(508,748)	(56,666)
Expired during the year *	(57,418)	(1,317,682)
Outstanding at end of year	**4,729,335**	**5,295,501**

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

Summary of employee share scheme activity

The activity in the group’s 2000 share option schemes is summarised in the following table:

	2012 No. of shares subject to conversion price and option	2012 Weighted Average Exercise price (US$)	2011 No. of shares subject to conversion price and option	2011 Weighted Average Exercise price (US$)
Outstanding at beginning of year	5,295,501	0.41	6,669,849	0.25
Issued during the year	-	-	-	-
Exercised during the year	(508,748)	0.39	(56,666)	0.17
Expired during the year	(57,418)	0.56	(1,317,682)	0.69
Outstanding at end of year	**4,729,335**	**0.42**	**5,295,501**	**0.41**
Exercisable at end of year	3,948,553	0.50	3,551,826	0.61

9 Share Capital (continued)

No options were granted during the year (2011: nil) as the scheme had previously expired.

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	2,550,334	88
US$0.30 to US$0.50	15,570	15
US$0.51 to US$0.70	1,229,931	12
US$0.71 to US$0.90	660,500	54
Greater than US$0.90	273,000	50
Total	4,729,335	

Employee share options scheme – 2012 scheme

On 6 February 2012 a new share option scheme (the “2012 Group Share Option Scheme”) was implemented, replacing the original “2000 Share Option Schemes” which expired on their 10th anniversary in August 2010. Under the 2012 Scheme, share options can only vest after the third anniversary of award, and vesting is subject to the achievement of challenging annual performance conditions, as determined by the Remuneration Committee. Performance conditions relate to EBITDA and cash targets, and other measures of shareholder value as the Remuneration Committee may consider appropriate.

No options may be granted under the 2012 scheme which would cause the number of shares issued or issuable in the preceding ten years to exceed 10% of the ordinary share capital of the Company in issue at that time. As a further restriction, no options will ordinarily be granted under the 2012 scheme 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.

Summary of employee share options activity (number of options)

	2012 Group share option scheme
Outstanding at beginning of year	-
Granted during the year	3,731,000
Exercised during the year	-
Expired during the year *	(2,159,000)
Outstanding at end of year	**1,572,000**

* Expired on departure from the group.

9 Share Capital (continued)

	2012 No. of shares subject to conversion price and option	2012 Weighted Average Exercise price (US$)	2011 No. of shares subject to conversion price and option	2011 Weighted Average Exercise price (US$)
Outstanding at beginning of year	-	-	-	-
Issued during the year	3,731,000	0.63	-	-
Exercised during the year	-	-	-	-
Expired during the year	(2,159,000)	0.63	-	-
Outstanding at end of year	**1,572,000**	**0.63**	**-**	**-**
Exercisable at end of year	-	-	-	-

The fair value of the options granted during the year determined using the binomial valuation model was US$552,684. The weighted average fair value per option was US$0.35. The significant inputs into the model were share prices of €0.36, €0.48, €0.50, €0.59 and €0.78 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 2.5%, expected option life of 4 years and the standard deviations of expected share price returns of 80%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis in the last year, an analysis of the market volatility for companies of similar profile, and professional advice received. The performance conditions set down for FY 2012 (EBITDA and cash) were not met, and consequently, the portion of any awards made during the year which relate to 2012 performance will not vest on their third anniversary in 2015. The Remuneration Committee has determined that the 2012 performance target will be carried forward one year from that date, with vesting to be subject to performance conditions in FY 2015. As a consequence of the modification of the performance conditions, the fair value has increased by circa US$0.2m.

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)
US$0.30 to US$0.50	525,000	109
US$0.51 to US$0.70	747,000	111
US$0.71 to US$0.90	205,000	114
Greater than US$0.90	95,000	111
Total	1,572,000	

The 2012 change in relation to share options was circa US$106,000 (2011: US$46,000).

Joint Share Ownership Plan

In January 2012, the Board of Directors approved the establishment of a Joint Share Ownership Plan. The scheme is intended to incentivise senior management in the company (excluding executive directors) towards the achievement of challenging performance targets for EBITDA and cash generation during the years ending 31 December 2012 and 31 December 2013. Under the plan the participants and an Employee Benefit Trust which is a wholly owned subsidiary of Datalex Ireland Limited jointly acquired 1.56m awards of existing stock at the open market price (€0.36 per award). Subject to meeting the performance conditions for EBITDA and cash, the awards vest in two equal tranches, on 31 December 2012 and 2013.

9 Share Capital (continued)

	Joint Share Ownership Plan			
	2012 No. of awards subject to conversion price and option	**2012 Weighted Average Exercise price (US$)**	**2011 No. of awards subject to conversion price and option**	**2011 Weighted Average Exercise price (US$)**
Outstanding at beginning of year	-	-	-	-
Issued during the year	1,560,000	0.47	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at end of year	**1,560,000**	**0.47**	**-**	**-**
Exercisable at end of year	-	-	-	-

The 2012 charge in relation to the JSOP scheme was circa US$100,000.

The fair value of the awards granted during the period determined using the binomial valuation model was US$398,881. The weighted average fair value per award was US$0.25. The significant inputs into the model were award prices of €0.36 at the grant date (being the market price of awards at the date of grant), exercise price (which is the same as the award price at the grant date), dividend yield of nil, risk-free interest rates of 2.5%, expected life of 3 years and the standard deviations of expected award price returns of 80%. The volatility measured at the standard deviation of expected award price returns is based on statistical analysis of daily award prices in the last year, an analysis of the market volatility for companies of similar profile, and professional advice received. The performance conditions set out for FY 2012 (EBITDA and cash) were not met, and consequently, the first 50% of the shares which relate to 2012 performance will not now vest on 31 December 2012, and will instead be carried forward to FY 2014, with vesting to be subject to EBITDA and cash generation targets as agreed by the Remuneration Committee. As a consequence of the modification of the performance conditions, the fair value has increased by circa US$0.4m.

10 Other Reserves

Group	Share premium US$'000	Other Capital Reserves US$'000	Other Reserves US$'000[3]	Foreign currency translation US$'000[2]	Total US$'000
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**
Balance at 1 January 2012	**81,595**	**105,308**	**533**	**312**	**187,748**
Share option charge	-	-	207	-	207
Premium on shares issued	143	-	-	-	143
Share Capital reduction	(81,595)	(105,174)	-	-	(186,769)
Proceeds from exercise of collateral on 1.85m Datalex plc shares [1]	-	-	1,017	-	1,017
Purchase of 1.56m treasury shares arising on the establishment of Datalex JSOP	-	-	(723)	-	(723)
Currency translation differences	-	-	-	1	1
Balance at 31 December 2012	**143**	**134**	**1,034**	**313**	**1,624**

At the start of the year, Other capital reserves in the consolidated balance sheet consisted 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 was 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. In 2012, Datalex (Ireland) Limited applied to the High Court and obtained approval on 4 April 2012 for a share capital reduction of US$105.2m. Datalex plc also obtained a share capital reduction and the net impact on the consolidated reserves is a transfer of US$186.8m from share premium and other reserves to retained earnings.

[1] Collateral disposal

In 2002, three former Datalex executives in the US established a new business called Conducive Technology Corp ('CTC'). Datalex provided this company with an $800,000 working capital loan, secured against any future proceeds of sale of 1.85m shares in Datalex held by the founders of CTC. On 25 January 2012 CTC disposed of 1.56m shares, which were acquired at the open market price by the Datalex Employee Benefit Trust, as part of the implementation of the Joint Share Ownership Plan (see page 32). In October 2012 CTC completed the sale of the remaining 290,000 shares, remitting these proceeds to Datalex. Given that the loan had previously been written off through reserves on transition to IFRS, the proceeds recovered were recognised through reserves directly under IAS 32.

10 Other Reserves (continued)

(2) The foreign currency reserve relates to the cumulative currency translation differences in subsidiaries whose functional currencies are not the US Dollar arising from the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date as well as the translation of applicable assets and liabilities.

(3) Other reserves comprise of:

- Share Based Payment Reserve: This reserve comprises of amounts expensed in the Group Income Statement in connection with awards made under the equity settled share based plans and the JSOP.
- Proceeds from exercise of collateral on 1.85m Datalex plc shares: This reserve comprises of the proceeds obtained from the execution of a collateral on 1.85m shares. See footnote (1) for further details.
- Other reserves includes a debit in respect of 1.56m shares held by the Datalex Employee Benefit Trust at year end in the context of the JSOP. These shares are treated as treasury shares and consequently have been deducted from equity.

Company	**Share premium US$'000**	**Other reserves US$'000**	**Total US$'000**
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**
Balance at 1 January 2012	**359,243**	**533**	**359,776**
Share option charge	-	207	207
Shares issued at premium	143	-	143
Share capital reduction	(319,314)	-	(319,314)
Balance at 31 December 2012	**40,072**	**740**	**40,812**

Company Share Capital reduction

On 6 February 2012 the shareholders of the Company decided to apply for a reduction in the share capital of the Company by the cancellation of US$319.3m standing to the credit of the Company Share Premium Account and to offset this amount against the deficit in the company retained earnings. The reduction of share capital took legal effect on 4 April 2012 when it was approved by the High Court.

11 Trade and other payables

	Group 2012 US$'000	Group 2011 US$'000	Company 2012 US$'000	Company 2011 US$'000
Trade payables	2,624	2,568	-	-
Other payables	-	1,044	-	-
Accruals	1,810	1,803	-	-
Deferred income	867	127	-	-
Pension contribution	136	121	-	-
Social security and other taxes	1,380	925	-	-
	6,817	**6,588**	**-**	**-**

The fair values of trade and other 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 2012 US$'000	Group 2011 US$'000
US$	1,849	1,664
Euro	708	582
Sterling	63	322
Australian Dollar	4	1,044
	2,624	**3,612**

12 Borrowings

Financial Lease Liabilities	Group 2012 US$'000	Group 2011 US$'000
Non-current	513	538
Current	708	430
Total Borrowings	**1,221**	**968**

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	2012 US$'000	2011 US$'000
* No later than a year	757	472
* Later than a year and no later than 3 years	526	592
Total	1,283	1,064
Future finance charge on finance leases	(62)	(96)
Present value of finance lease liabilities	1,221	968

The present value of finance leases is as follows:	2012 US$'000	2011 US$'000
* No later than a year	708	430
* Later than a year and no later than 3 years	513	538
Total	**1,221**	**968**

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 and service perspective. Management considers the performance of E-business and TPF Consulting on a separate basis.

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.

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.

The segment information provided to the executive management team for the reportable segments for the year ended 31 December 2012 is as follows:

	2012 E-business US'000	**2012 TPF Consulting US'000**	**2012 Total US'000**	**2011 E-business US'000**	**2011 TPF Consulting US'000**	**2011 Total US'000**
Revenue	29,358	3,719	33,077	24,207	4,548	28,755
Inter-segment revenue	-	(727)	(727)	-	(725)	(725)
External Revenue	**29,358**	**2,992**	**32,350**	**24,207**	**3,823**	**28,030**
EBITDA before exceptional item	5,567	194	5,761	4,175	163	4,338
Exceptional item	-	-	-	(2,523)	-	(2,523)
EBITDA after exceptional item	5,567	194	5,761	1,652	163	1,815
Depreciation	662	18	680	372	5	377
Amortisation	4,724	-	4,724	5,330	-	5,330
Operating profit/(loss)	181	176	357	(4,050)	158	(3,892)
Interest Payable			(94)			(60)
Finance income			57			53
Profit/(loss) before taxation			320			(3,899)
Income tax			801			(46)
Profit/(loss) after taxation			**1,121**			**(3,945)**

13 Segmental information (continued)

A reconciliation of EBITDA before exceptional item to profit/(loss) before taxation is provided as follows:

	31 Dec 2012 US$'000	31 Dec 2011 US$'000
EBITDA before exceptional item	5,761	4,338
Exceptional items	-	(2,523)
Depreciation	(680)	(377)
Amortisation - Development Costs	(4,527)	(5,189)
Amortisation - Software	(197)	(141)
Finance income	57	53
Interest Payable	(94)	(60)
Profit/(loss) before taxation	**320**	**(3,899)**

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 operations of the segment and the physical location of the asset.

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

	2012 E-business US'000	2012 TPF Consulting US'000	2012 Total US'000	2011 E-business US'000	2011 TPF Consulting US'000	2011 Total US'000
Reportable segment assets:						
Intangible Assets						
- Development	13,369	-	13,369	14,383	-	14,383
- Software	452	-	452	352	-	352
Other Assets	23,609	1,595	25,204	21,087	984	22,071
Total Reportable segment assets	**37,430**	**1,595**	**39,025**	**35,822**	**984**	**36,806**
Total assets			**39,025**			**36,806**

	2012 E-business US'000	2012 TPF Consulting US'000	2012 Total US'000	2011 E-business US'000	2011 TPF Consulting US'000	2011 Total US'000
Reportable segment liabilities:						
Current	(7,142)	(383)	(7,525)	(6,544)	(474)	(7,018)
Non-Current	(513)	-	(513)	(538)	-	(538)
Unallocated liabilities:						
Current tax	-	-	-	(80)	-	(80)
Total liabilities			**(8,038)**			**(7,636)**

13 Segmental information (continued)

Revenue from external customers is derived from the sales of E-business products and services associated with our suite of travel related technology and TPF consulting revenue.

Analysis of revenue by category

	2012 US$'000	2011 US$'000
Transaction revenue[(1)] [(2)]	14,689	13,181
Professional services	14,070	10,257
TPF Consultancy	2,992	3,797
Other	599	795
Total Revenue	**32,350**	**28,030**

(1) Transaction revenue includes an amount of $1.0m received from a customer that had caused a delay to a committed deployment timeline.

(2) US$0.6m of transaction revenue was recognised based on minimums in excess of actual transactions as at 31 December 2012.

The entity is domiciled in the Republic of Ireland. Revenue from external customers in the Republic of Ireland is US$2.9m (2011: US$3.3m) and the total of revenue from external customers from other countries is US$29.4m (2011: US$24.7m).

The total of non-current assets located in the Republic of Ireland is US$12.7m (2011: US$13.8m), and total of these non-current assets located in other countries is US$1.2m (2011: US$0.9m).

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 a portion of Customer D which relates to TPF consulting:

	2012	2011
Customer A	14%	10%
Customer B	13%	14%
Customer C	9%	11%
Customer D	8%	0%
Customer E	8%	2%
Customer F	8%	2%
Customer G	6%	4%
Customer H	3%	14%
Customer I	6%	9%
Customer J	4%	6%

14 Expenses by nature

	2012 US$'000	2011 US$'000
Employee Benefit expense (Note 16) - net of capitalisation	16,442	12,912
Consultants and Contractors	6,593	4,978
Capitalisation of consultants and contractors costs	(2,054)	(751)
Depreciation (Note 4)	680	377
Amortisation - Development Costs (Note 5)	4,527	5,189
Amortisation – Software (Note 5)	197	141
Hosting	914	1,099
Establishment costs	1,562	1,688
Professional fees	1,044	814
Third Party Services	185	498
Travel	855	732
Communication	277	285
Auditors remuneration	219	167
Other	907	956
Total cost of sales, selling and marketing costs and administrative expenses before exceptional items	**32,348**	**29,085**
Disclosed as:		
- Cost of sales	26,722	24,564
- Selling and marketing costs - excluding exceptional items	2,844	2,797
- Administrative expenses	2,782	1,724
Total before exceptional items	**32,348**	**29,085**
Exceptional items (Note 17)	-	2,523
Total operating costs	**32,348**	**31,608**

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

	2012 US$'000	2011 US$'000
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements:	143	147
Fees payable to the company's auditors for other services:		
* The audit of the company's subsidiaries pursuant to legislation	7	7
* Tax services	69	34
Total	**219**	**188**

15 Other Gains/(Losses)

	2012 US$'000	2011 US$'000
Net foreign exchange gain/(loss)	92	(126)
Forward foreign exchange contract gain/(loss)	263	(188)
Total Other Gains/(Losses)	**355**	**(314)**

16 Employee benefit expense

	2012 US$'000	2011 US$'000
Wages and salaries	15,869	14,017
Social security costs	1,647	1,451
Pension costs – defined contribution schemes	489	475
Employee benefit expense before capitalisation	**18,005**	**15,943**
Capitalised labour	(1,770)	(3,077)
	16,235	**12,866**
Share options and ownership interests granted to directors and employees (Note 9)	207	46
Total	**16,442**	**12,912**

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

	2012	2011
Product development and delivery	132	115
Sales and marketing	9	9
Administration	19	14
Total	**160**	**138**

The total number of persons employed by the Group (including executive directors) at 31 December 2012 was 171 (2011: 141).

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$489,428 in respect of 2012 (2011: US$475,527), of which US$136,300 was accrued at the year-end (2011: US$120,620).

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

17 Exceptional items

	2012 US$'000	2011 US$'000
Exceptional loss on settlement of legal proceedings*	-	(2,152)
Exceptional loss on liquidation of customer**	-	(371)
	-	**(2,523)**

There were no exceptional items in 2012 (2011: US$2.5m).

* In 2011, the Group settled litigation with Flight Centre resulting in an exceptional item of US$2.152m which consisted of the partial write off of the balance of trade receivables from Flight Centre and additional unrecoverable legal expenditure incurred by Datalex.

** In 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 recognised an exceptional item of US$0.4m arising from the provision against the trade receivables due from Spanair at 31 December 2011.

18 Interest income and finance costs

	2012 US$'000	2011 US$'000
Interests income on bank deposits	57	53
Finance lease interest	(94)	(60)
Total	**(37)**	**(7)**

19 Income tax

(a) Income tax

	2012 US$'000	2011 US$'000
Current Tax		
Corporation tax for the year	-	-
Foreign tax for the year	39	46
Total current tax	39	46
Deferred Tax		
Recognition of deferred tax asset on tax losses forward	(840)	-
Income tax (credit)/charge	**(801)**	**46**

The tax on the Group's profit 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:

	2012 US$'000	2011 US$'000
Profit/(Loss) before tax	320	(3,899)
Profit/(Loss) before tax multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2010:12.5%)	40	(487)
Expenses not deductible/income not taxable	146	160
Utilisation of previously unrecognised tax losses	(513)	(479)
Difference in effective tax rates on overseas earnings	34	(11)
Higher rate of tax on non-trade income	-	2
Recognition of deferred tax asset on tax losses forward	(840)	-
Tax losses for which no deferred tax asset was recognised	363	841
Other	(31)	20
Tax (credit)/charge	**(801)**	**46**

(b) Deferred Tax

Deferred income tax assets are recognised for tax losses carried forward, R&D credits and timing differences to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The net deferred income tax asset compises a deferred tax asset recognised on losses less a deferred tax liability on capitalised development expenditure (which is offset against the deferred tax asset as they are in the same tax jurisdiction).

	2012 US$'000	2011 US$'000
Deferred tax asset on losses carried forward	2,511	1,798
Deferred tax liability on capitalised development expenditure	(1,671)	(1,798)
At 31 December	840	-

The deferred tax asset has been recognised considering the positive turnaround in the performance of the Group and in particular of Datalex (Ireland) Limited and the fact that this is underpinned by contracts that went live in 2012 and will go live in early 2013. In particular the directors consider that, having regard to

19 Income tax (continued)

taxable profits arising in Ireland in 2012 and 2011 and the profits expected to arise over the period of existing contracts, that it is probable that there will be sufficient taxable profits against which to utilise unused tax losses to an extent that a deferred tax asset of US$0.84m should be recognised. The group has a history of generating losses and the directors have exercised significant judgement in assessing the balance recognised.

There are unrecognised deferred tax assets on losses forward, R&D credits and timing differences of circa US$4.7m in Ireland and the directors will continue to evaluate their expectation on realisation of the tax benefit through future taxable profits. At the balance sheet date the directors consider that there is not sufficient evidence that the losses carried forward in other jurisdictions amounting to circa US$82m will be recoverable in the foreseeable future.

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

	2012 US$'000	2011 US$'000
Unused tax losses	28,678	29,126
R&D Credits Available	2,320	2,596
Timing Differences	1,541	1,841
Total	**32,539**	**33,563**

The unrecognised deferred income tax assets in respect of losses amounting to US$28.7m (2011: US$29.1m) is mainly in respect of unused tax losses of circa US$70.4m (2011: US$ 67.9m) in Datalex USA, of circa US$11.2m (2011: US$11.1m) in Teamworks Solutions Limited (UK) and of circa US$1.5m (2011: US$11.2m) in Datalex (Ireland) Limited.

20 Earnings/(Loss) per share

Basic	**2012**	**2011**
Profit/(loss) attributable to ordinary shareholders (US$'000)	1,121	(3,945)
Weighted average number of ordinary shares outstanding	70,315,704	71,668,864
Basic earnings/(loss) per share (in US$ cents)	1.59	(5.50)

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased/issued by the Company and held as treasury shares on the basis that there is further consideration receivable in respect of these shares (at 31 December 2012: 1.56m shares; at 31 December 2011: nil).

Diluted	**2012**	**2011**
Profit/(loss) attributable to ordinary shareholders (US$'000)	1,121	(3,945)
Weighted average number of ordinary shares outstanding	70,315,704	71,668,864
Adjustment for share options	4,538,587	-
Weighted average number of ordinary shares outstanding	74,854,292	71,668,864
Diluted earnings/(loss) per share (in US$ cents)	1.50	(5.50)

20 Earnings/(Loss) per share (continued)

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 JSOP awards. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of subscription rights attached to outstanding share options. As at 31 December 2012, 1,560,000 JSOP awards and 1,572,000 share options subject to performance conditions (31 December 2011: nil) have not been included in the calculation of diluted EPS as the related performance conditions have not been met. The number of shares calculated as above is compared with the number of shares that would have issued assuming the exercise of the share options. The effects of anti-dilutive potential ordinary shares have been ignored in calculating diluted loss per share as at 31 December 2011.

21 Cash generated from/(used in) operations

	Group		Company	
	2012 US$'000	**2011 US$'000**	**2012 US$'000**	**2011 US$'000**
Profit/(loss) before income tax	**320**	**(3,899)**	**(51)**	**37**
Adjustments for:				
Interest receivable	(57)	(53)	-	-
Interest paid	94	60	-	-
Depreciation	680	377	-	-
Amortisation	4,724	5,330	-	-
Employee share option amortisation	207	46	71	46
Loss/(profit) on Disposal of Fixed assets	1	(9)	-	-
Foreign Currency (gains)/losses on operating activities	(78)	244	-	-
Exceptional items (Note 17)	-	2,523	-	-
Changes in working capital:				
Trade and other receivables	656	(735)	910	(88)
Trade and other payables	143	2,345	-	-
Cash generated from/(used in) operations	**6,690**	**6,229**	**930**	**(5)**

22 Related party transactions

The following transactions were carried out with related parties:

(a) Key management personnel includes the three executive directors who held office during the year, the non executive directors and seven members of the senior management team.

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

Key management compensation	**2012 US$'000**	**2011 US$'000**
Salaries, directors' fees and other short-term employee benefits[(1)(2)]	3,157	2,352
Post employment benefits	76	76
Share based payments	170	20
	3,403	**2,448**

[(1)]Salaries, directors' fees, and other short-term benefits includes a termination package as outlined in the Remuneration report for Cormac Whelan who resigned as Executive Director and CEO of the company on 25 June 2012. This consisted of notice pay of six months salary of €143,000 (US$188,674) and an ex gratia payment of €197,500 (US$260,582). Final settlement of circa US$420,000 due to Cormac Whelan was paid subsequent to the year end by mutual agreement.

[(2)]Includes €60,000 (US$79,164) relating to fees arising on a 12 month consultancy agreement with NGCS Works Ltd, a company controlled by Mr. Whelan, for the provision of consultancy services with effect from September 2012.

(b) Peter Lennon, non-executive director, provides legal services to the Group through Maples and Calder (previously worked with Lennon Heather). Legal services rendered by Maples and Calder or Lennon Heather for the year ended 31 December 2012 amounted to US$10,000 (2011: US$Nil).

Company

As at 31 December 2012, the Company had a balance of US$1,695,000 (2011: US$2,631,000) due to it from other group companies. This balance relates to payments made by the Company on behalf of one of its subsidiaries.

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

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 2012 amounted to US$0.5m (2011: 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 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$1m (2011:US$1.1m) and equipment amounting to US$0.1m (2011: US$0.3m) are included in the income statement.

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

	2012 **US$'000**	**2011** **US$'000**
Within one year	861	982
Within two to five years	2,091	2,558
Over five years	-	145
	2,952	**3,685**

(b) Capital commitments

The Group had no capital commitments at 31 December 2012 (2011: 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 filing it with the Registrar of Companies . The Company's loss for the financial year is US$187,000 (2011: Profit of US$37,000).

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.

26 Financial Risk Management (continued)

(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 2012 relates to Euro monetary assets totalling US$4.2m, and Sterling monetary assets totalling US$1.5m.

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 2012, the principal amount of outstanding forward foreign exchange contracts was US$2.0m (2011: US$4.0m). The fair value for these outstanding foreign exchange contracts at 31 December 2012 was a receivable of US$0.1m (2011: payable US$0.1m).

Forward foreign exchange contracts	Less than 1 Yr. US$'000	Between 1-2 Yrs US$'000	Between 2-5 Yrs US$'000	Total US$'000
2011				
Outflow	4,008	-	-	4,008
Inflow	3,881	-	-	3,881
2012				
Outflow	1,834	-	-	1,834
Inflow	1,979	-	-	1,979

At 31 December 2012, if the Euro had strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been US$1.0m higher (2011: loss US$1.1m lower) mainly as a result of foreign exchange gains/losses on translation of Euro-denominated trade receivables,financial assets, trade payables and cash.

(ii) Interest rate risk

The principal aim of managing the interest rate risk is to limit the adverse impact on cash flows and shareholder value of movements in interest rates. Cash and cash equivalents at variable rates expose the Group to cash flow interest rate risk. Cash and cash equivalents at a fixed rate expose the Group to fair value interest rate risk. The Group treasury policy is designed to monitor the funding requirements of the business. Cash requirements are managed centrally and reviewed on a daily basis. Excess funds are placed on short-term (less than 3 months) deposit while ensuring that sufficient cash is available on demand to meet expected operational requirements. The interest rate on floating rate deposits of US$5.2m at 31 December 2012 (2011: US$1.9m) is generally based on the appropriate Euribor or Libor rate.

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

Interest rate sensitivity analysis

At 31 December 2012, 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 profit after tax for the year would have been higher or lower by US$0.1m (2011: US$0.1m).

(iii) Price risk

The Group is not exposed to material price risk.

26 Financial Risk Management (continued)

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 the exposure to potential credit loss on a regular basis. The utilisation of credit limits is regularly monitored. During the year ended 31 December 2012, 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	**2012** **US$'000**	**2011** **US$'000**
AA-	-	17
A+	-	806
A	1,069	3,000
A-	3,643	119
BBB+	714	-
BBB*	-	688
BBB-*	1,311	-
BB+	1,763	7,069
B	6,000	-
B-	-	827
Not Rated**	128	11
	14,628	**12,537**

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

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

Liquidity risk

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

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

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

Trade and Other Payables 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 2012	7,525	494	19	8,038
At 31 December 2011	7,018	379	160	7,557

26 Financial Risk Management (continued)

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

There have been no subsequent events that impact on the 2012 financial statements up to the date of this report.

28 Recent accounting pronouncements

(a) New and amended standards adopted by the group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

(b) New standards and interpretations not yet adopted

•A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements, as follows:

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income;
- IFRS 13, 'Fair value measurement;
- IAS 19 (amendment), 'Employee benefits';
- IFRS 9, 'Financial instruments';
- IFRS 10, Consolidated financial statements'; and
- IFRS 12, 'Disclosures of interests in other entities'.

None of these is expected to have a significant effect on the consolidated financial statements of the Group. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

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