



Datalex^{*}

ANNUAL REPORT 2014





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HIGHLIGHTS OF THE YEAR

DELIVERING SHAREHOLDER VALUE

12% growth in Adjusted EBITDA, significant customer wins and a 50% increase in our proposed dividend.

FINANCIAL HIGHLIGHTS

- 11% rise in platform revenue ⁽¹⁾
- 12% increase in Adjusted EBITDA ⁽²⁾ to US\$8.5m
- 60% growth in cash generated from operations
- 66% rise in basic EPS to 3.71 US cents
- 50% increase in our proposed dividend to three US cents per share

OPERATIONAL HIGHLIGHTS

- New airline customers 'live' on our commerce platform, including Brussels Airlines, Virgin Atlantic and West Air of China
- New airline customers signed, including Swiss International Air Lines
- Technology partnership signed, with Abacus Travel Systems of Singapore
- Datalex named 'World's Leading Travel Merchandising Solution Provider' in 2014

PLATFORM REVENUE **+11%**

2014	US\$19.5m
2013	US\$17.5m

ADJUSTED EBITDA **+12%**

2014	US\$8.5m
2013	US\$7.5m

CASH **+9%**

2014	US\$18.3m
2013	US\$16.9m

⁽¹⁾ Platform revenue was previously reported as transaction revenue. Refer to page 9 and Note 2.3 to the financial statements for further detail.

⁽²⁾ See Note 15.



MARKET LEADER

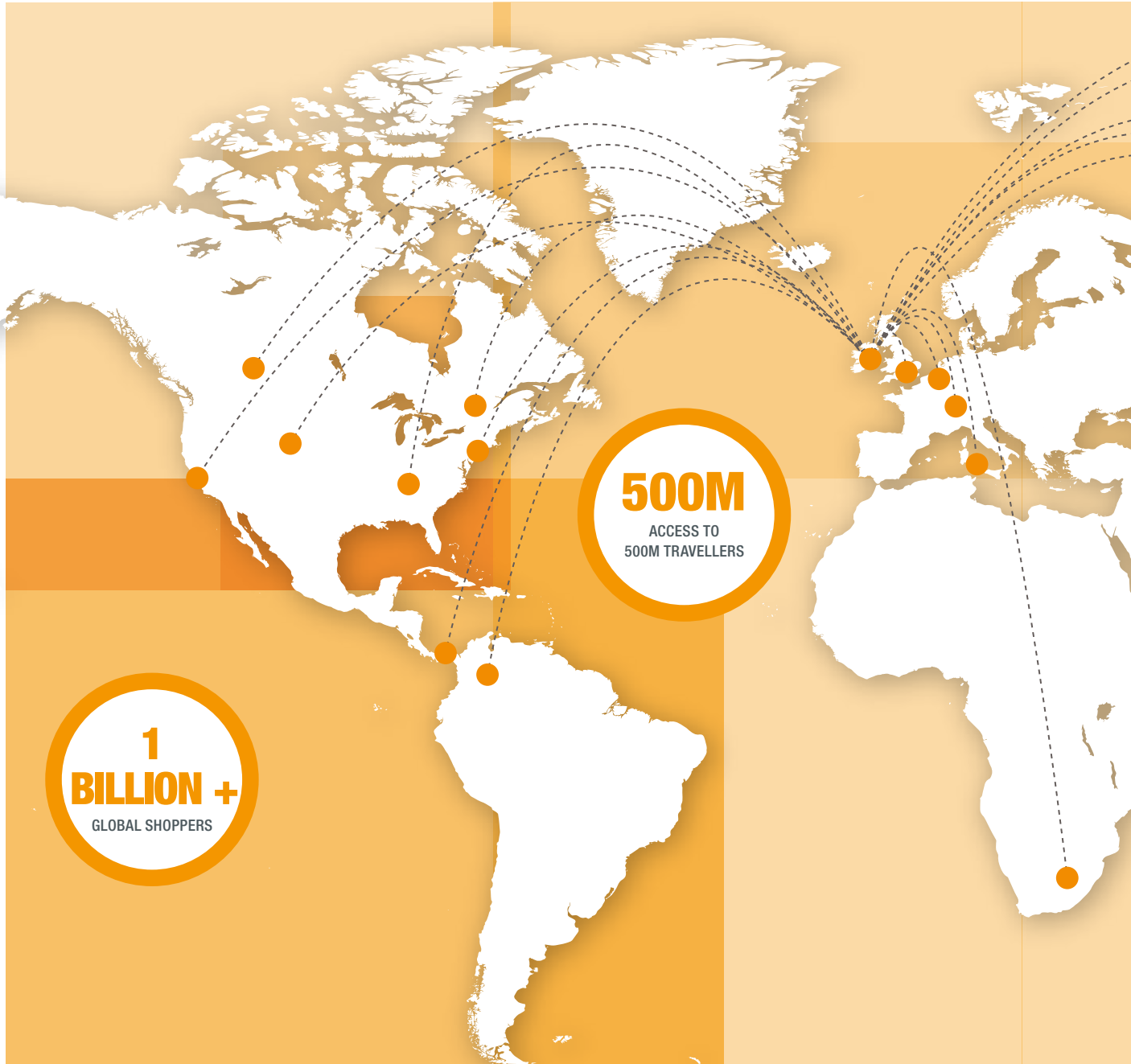
Voted the 'World's Leading Travel Merchandising Solution Provider'.



AT A GLANCE

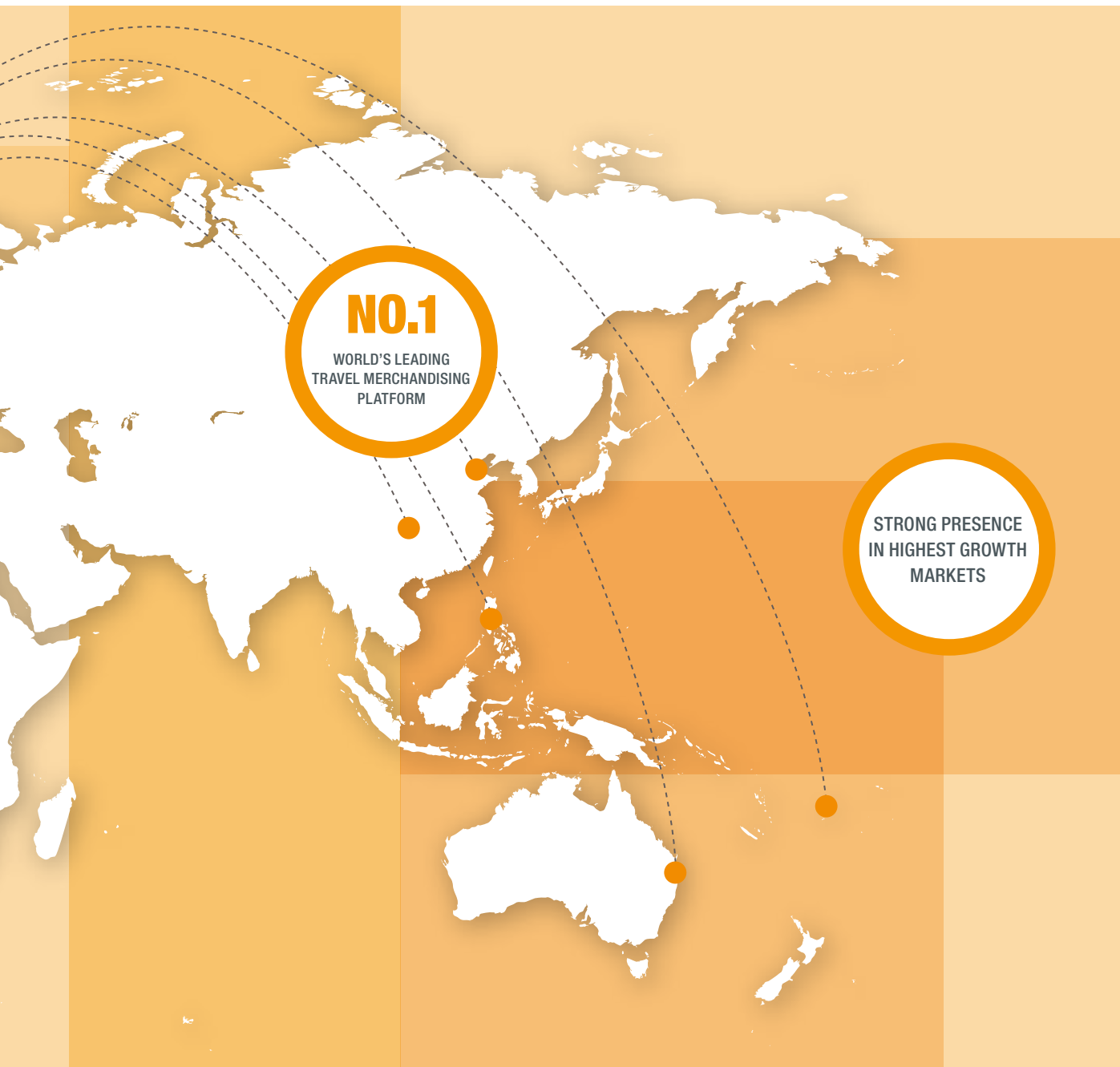
MARKET LEADER IN TRAVEL RETAIL COMMERCE

Our commerce platform enables a digital marketplace of over one billion global shoppers covering every corner of the globe.



Voted the 'World's Leading Travel Merchandising Solution Provider' in 2014 at the World Travel Awards. Datalex is a leading provider of retail ecommerce solutions to the travel industry, which its customers use to maximise value from their complete retail brand experience.

Datalex is technology partner to some of the world's largest and most profitable travel retailers which represent over 500 million travellers annually, present in every market and on every continent.





GROWTH

Enabling a Digital Marketplace for
over one billion shoppers.



ENABLING A DIGITAL MARKETPLACE FOR LEADING TRAVEL RETAILERS

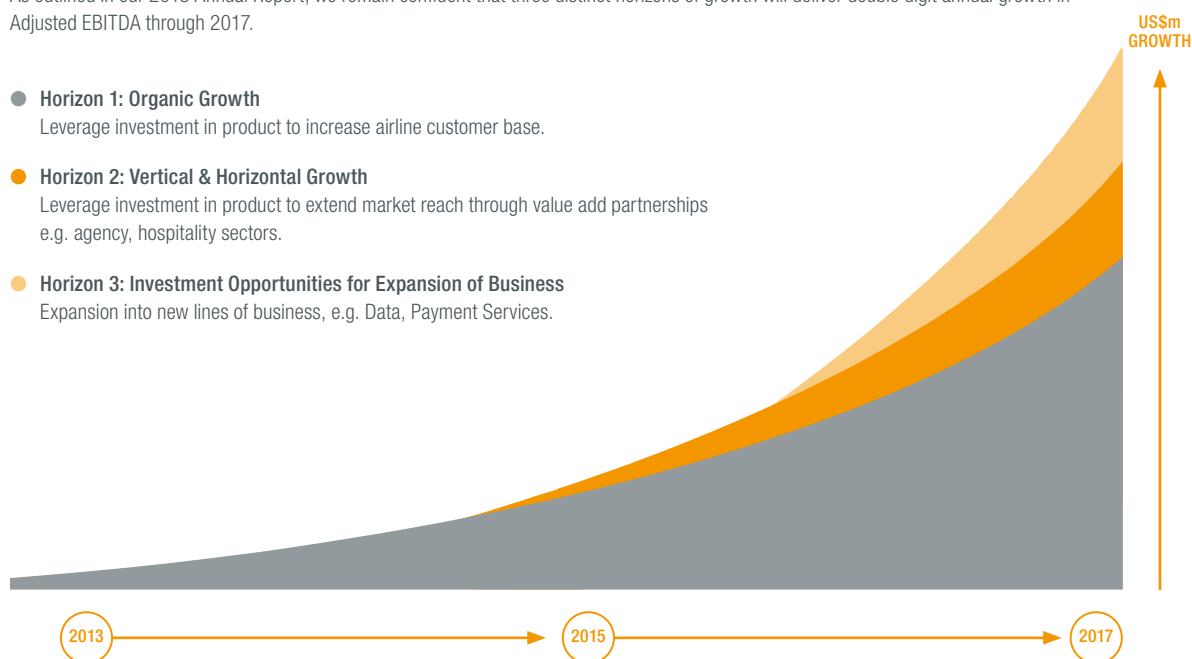
In 2014, over one billion shoppers used the Datalex commerce platform to shop for their travel needs. Driven by some of the world's most innovative travel retail brands and voted the 'World's Leading Travel Merchandising Solution Provider' at the 2014 World Travel Awards, the Datalex commerce platform enables omni-channel travel retail which drives revenue and customer loyalty.

The three key pillars of our growth strategy to deliver significant value to our shareholders are:



As outlined in our 2013 Annual Report, we remain confident that three distinct horizons of growth will deliver double digit annual growth in Adjusted EBITDA through 2017.

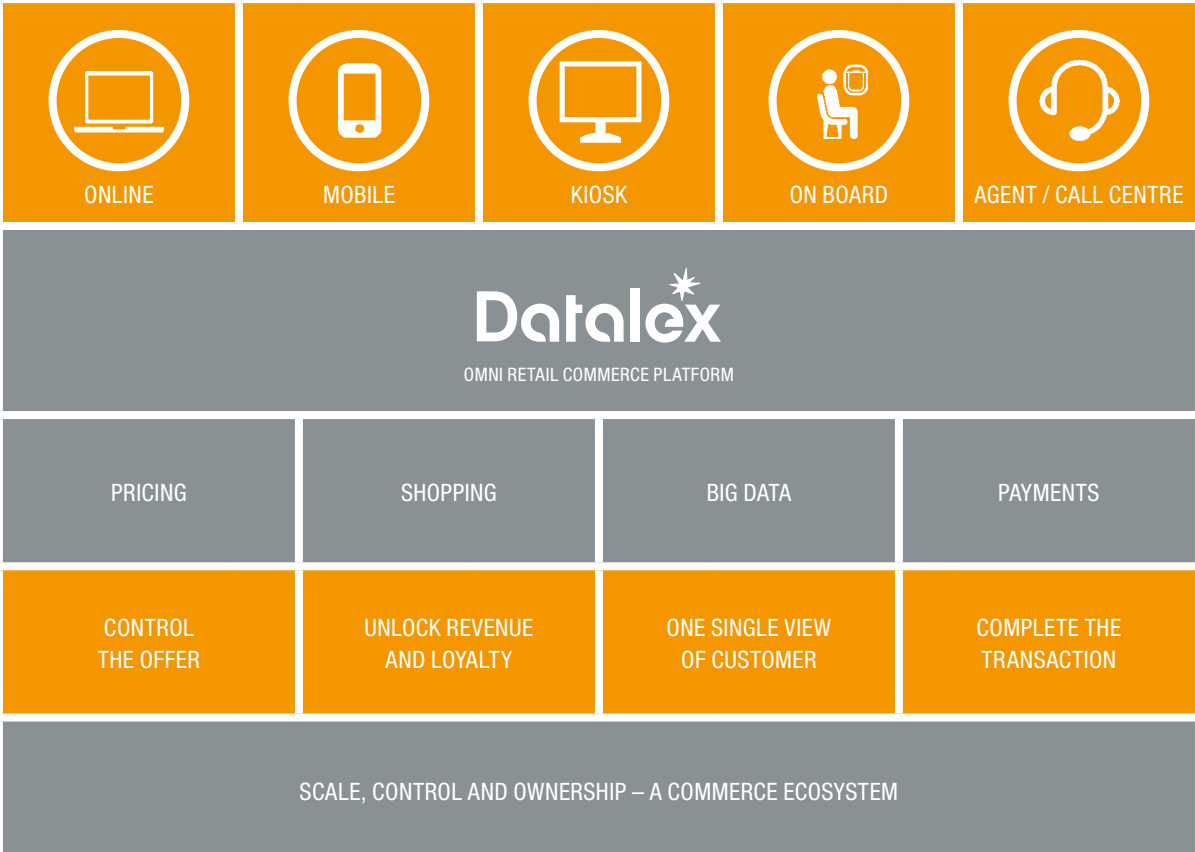
- **Horizon 1: Organic Growth**
Leverage investment in product to increase airline customer base.
- **Horizon 2: Vertical & Horizontal Growth**
Leverage investment in product to extend market reach through value add partnerships e.g. agency, hospitality sectors.
- **Horizon 3: Investment Opportunities for Expansion of Business**
Expansion into new lines of business, e.g. Data, Payment Services.



A DIGITAL COMMERCE PLATFORM

We enable consistent, personalised and differentiated travel retail experiences which drive revenue and customer loyalty.

Our commerce platform allows the retailer to optimise offers, unlock new revenue and loyalty opportunities. The platform architecture is proven, scalable and open which accelerates the agility required by our customers and their partners to chart retail experiences across all channels, devices and touchpoints.



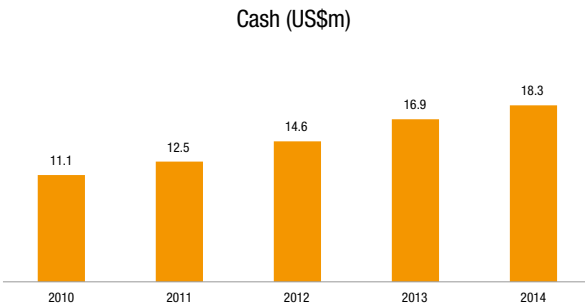
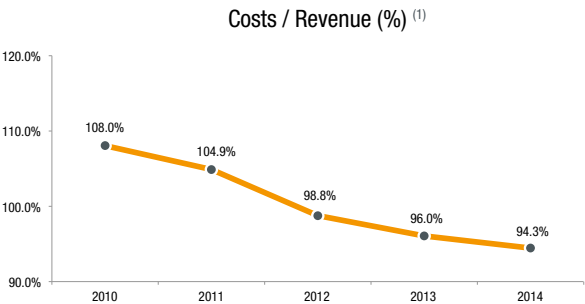
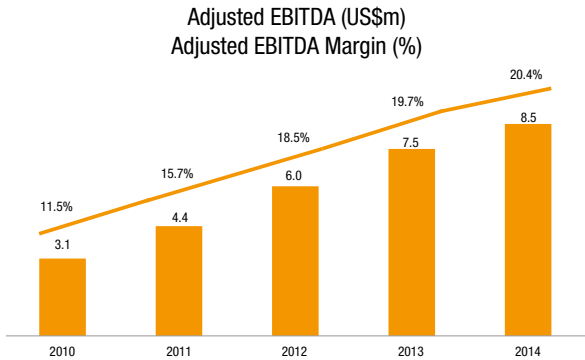
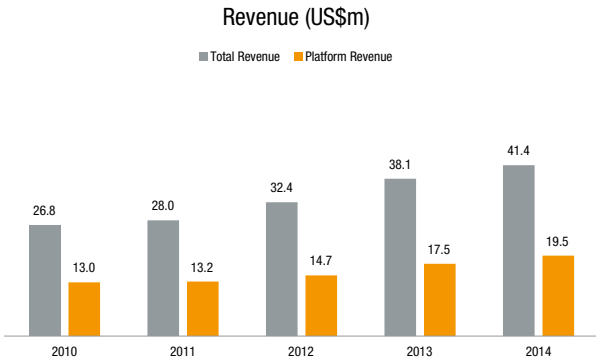
KEY PERFORMANCE INDICATORS

EXTRACTING OPERATING LEVERAGE FROM OUR PRODUCT INVESTMENT AND INFRASTRUCTURE AS WE GROW OUR MARKET PRESENCE

Datalex uses a set of key performance indicators to measure the performance of its operations and to track the development of its business model. These metrics demonstrate how well we are extracting operating leverage from our product investment and infrastructure as we grow our market presence.

FROM TRANSACTION REVENUE TO PLATFORM REVENUE

The key value driver in our business is the recurring revenue stream generated from our customers' use of our platform. As our business evolves we are now seeing an increasing number of ways in which our customers and partners can use our platform, bringing with it a greater range of potential new revenue opportunities for Datalex. The continued use of the term 'transaction revenue' no longer adequately reflects the full value and opportunity created by our product, and we believe that the term 'platform revenue' better captures the market opportunity that we see for the business.



(1) Operating costs include cost of sales, selling and marketing costs, administrative expenses and other (losses)/gains.



FOCUS

Driving performance and growth for increased shareholder return.

CHAIRMAN'S STATEMENT

BUSINESS UPDATE

2014 has been a successful year for Datalex. During the period we deployed our platform at a number of leading airlines, including Virgin Atlantic, Brussels Airlines and Air Transat. We have also signed a number of significant new customers, including Swiss International Air Lines, Edelweiss, Abacus Travel Systems of Singapore and West Air of China. These go lives and new wins will drive performance and growth in the years ahead. We also opened our Beijing office in 2014, and we believe China will be a significant opportunity for Datalex. We are also pleased to report that Datalex was again named the 'World's Leading Travel Merchandising Solution Provider' at the 2014 World Travel Awards held in December 2014.

FINANCIAL PERFORMANCE

In 2014 we grew total revenues by 9% including an 11% increase in platform revenues, driven by the go live of our platform at a number of new customers. The full year impact of these customers in 2015, together with the projected go live of JetBlue Airways and Swiss International Air Lines mid 2015 will drive significant growth in 2015 platform revenue.

Our Adjusted EBITDA grew by 12% to US\$8.5m. This includes a US\$0.5m foreign exchange loss on the translation of euro receivables and cash as a result of the steep strengthening of the dollar against the euro in the last of weeks of 2014. While we have hedged much of our euro exposure in 2015, a strong dollar is positive for Datalex with our euro cost base and we expect to see further benefit in 2016.

"I am pleased to propose an increase of 50% in our dividend to three US cents per share"

Our profit after tax increased by 69% to US\$2.7m, and we grew our cash reserves to US\$18.3m, after the payment of our first dividend (US\$1.5m) in June 2014.

The Board is more confident than ever that the business now has in place strong foundations to drive continued double digit Adjusted EBITDA growth in the coming years.

PROPOSED DIVIDEND

Datalex's continued cash generation and balance sheet flexibility provides the Group with a strength that underpins our long term growth strategy while ensuring an appropriate capital structure. In 2014 the business generated US\$9.6m cash from operations, up 60% on the previous year.

In my 2013 statement I expressed the confidence that I and the Board held in the future growth prospects of the business. This confidence led us to pay our first dividend last year. The Board of Directors will recommend shareholders to increase our dividend by 50% to three US cents per share in 2015. This reflects the growing confidence we have in our market opportunity and ability to grow sustainable shareholder value.

BOARD COMPOSITION

I and my colleagues on the Board are very aware of the need to ensure that our Board continues to have the skills, experience, knowledge and diversity to meet the demands of our evolving business, particularly in this time of strong growth. This is a matter that we keep under constant review, and we expect to enhance our Board capabilities during the first half of 2015.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Board is committed to maintaining best practices of corporate governance, including the provisions of the 2012 UK Corporate Governance Code, and the additional requirements of the Irish Annex. The Board is satisfied that the Group has effective processes in place for identifying and managing the risks faced by the 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 25 to 33, describes how we have complied with the principles of good governance.

2015 OUTLOOK

The strong market momentum over the last 12 months means that Datalex is very well positioned to deliver continued progress in 2015. We have a clearly defined growth strategy and are well on the way to delivering it. We have a market leading product that continues to set the standard in airline retailing. Most importantly of all, we have an outstanding team of people in our business, who continue to set the bar of expectation higher every year, and I am confident that we have really only begun to exploit our market opportunity. I and my colleagues on the Board look forward to 2015 with confidence, and I would like to thank you, our shareholders, for your continued support.



A handwritten signature in black ink, which appears to read 'Paschal S. Taggart'. The signature is fluid and cursive.

Paschal Taggart, Chairman

CHIEF EXECUTIVE REVIEW

INTRODUCTION

2014 was a year of continued performance and growth for Datalex, driven by new customer acquisitions, product innovation and strategic partnerships. Global industry trends bode well for our continued growth in the years ahead with 3.3 billion passengers expected to travel this year. Digital travel sales also continue to grow on a global basis and are now estimated to make up 30% of all ecommerce sales.

PLATFORM REVENUE GROWTH IN 2014



ADJUSTED EBITDA GROWTH IN 2014



PERFORMANCE

Some of the performance highlights include:

- Platform revenue up 11% to US\$19.5m
- 12% increase in Adjusted EBITDA to US\$8.5m
- 9% increase in cash reserves to US\$18.3m after payment of dividend
- 66% increase in basic EPS to 3.71 US cents
- 69% in profit after tax to US\$2.7m
- Our Board is pleased to recommend the increase of our dividend by 50% to three US cents per share

INCREASE IN CASH GENERATED FROM OPERATIONS IN 2014



HORIZONS FOR GROWTH

Driven by some of the world's most innovative travel retail brands and voted the 'World's Leading Travel Merchandising Solution Provider' at the 2014 World Travel Awards, in 2014, our commerce platform was used by over one billion travel shoppers worldwide. This demonstrates the strength of our product and market position. In 2013 we outlined a three horizon growth strategy to drive significant shareholder value. We have achieved significant progress in 2014, demonstrating our continued innovation in digital commerce, the range of new customer signings and entry into the travel agency vertical.

OUR CUSTOMERS

In 2014 we brought a number of new customers live on our platform which will deliver growth in the coming years including:

- Brussels Airlines - A Star Alliance carrier and a member of the Lufthansa Group
- Air Transat - Canada's leading holiday travel airline
- Virgin Atlantic - The leading UK travel brand
- West Air - A leading low cost carrier, which operates from Chongqing in the People's Republic of China

2014 was also a successful year for new customer acquisitions, with a number of prominent new customer signings:

- Leading European carrier Swiss International Air Lines, and Swiss carrier Edelweiss, both of whom (together with our existing customer Brussels Airlines) are members of the Lufthansa Group.
- West Air, a leading low cost carrier, which operates from Chongqing in the People's Republic of China. West Air's parent company Hainan Airlines Company Limited is the largest privately owned air transport company and the fourth largest airline in terms of fleet size in the People's Republic of China.

- We have also entered into a technology partnership with Abacus Travel Systems of Singapore. Abacus is a leading provider of IT products and services to over 44,000 travel agency locations across Asia-Pacific. Abacus will leverage the Datalex commerce platform to deliver market leading solutions to their travel agency customers.

CHINA

In mid-2014 we established a permanent local presence in China with the opening of our Beijing office, an important step in our market strategy. Chinese airlines continue to lead by every industry growth metric including double digit growth in passenger demand each year. A recent IATA passenger forecast highlights the expectation that China will overtake the US as the world's largest passenger market by 2030. China is a very exciting market to be part of and an important step for Datalex in the support of our existing customers such as Air China, West Air and the development of new business. We are particularly proud of the calibre and seniority of our Chinese team which bring a wealth of aviation and ecommerce expertise both from China and across the globe.

OUR INDUSTRY

Worldwide business-to-consumer (B2C) ecommerce sales were forecasted to rise by 20.1% in 2014 to reach US\$1.5 trillion, driven by growth in emerging markets such as Asia-Pacific. Two decades ago saw the emergence of online travel shopping and today digital travel sales are now estimated to make up 30% of all ecommerce sales. 2014 was the first year that there were more connected devices than people on earth, and by 2017 over 30% of online travel bookings by value will be made on mobile devices. It is estimated that millennials will spend US\$3.4 trillion on travel, eclipsing boomers in their spending power. These digitally savvy consumers seek seamless mobility and personalised retail experiences.

In terms of airline passenger volumes, IATA's 20-year passenger growth forecast projects that passenger numbers are expected to reach 7.3 billion by 2034.

“The range of our new customer signings in 2014 demonstrates the strength of our market position.”

OUR PRODUCT

The growth in our business achieved in 2014 demonstrates the strength of our commerce platform and our brand.

In 2014 we invested a further US\$5.1m in our product which focused on digital commerce, pricing, payments and big data features. In 2015 we will invest in areas such as user experience, payments, data and mobility.

INNOVATION

Underpinning our growth strategy is an ambition to develop a world class innovation culture, which constantly challenges the established ways of doing things; to find new ways to help our customers to maximise value from their customers' complete travel retail experience. We are committed to investment in product, process and people, in collaboration with our customers, to encourage innovative thinking; conceptualisation and testing of new product ideas and collaboration with partners around the world. In January 2015, we appointed a Chief Innovation Officer to lead our initiatives in this area and to accelerate breakthrough innovation.

OUTLOOK FOR 2015

The new customers we brought live on our platform in 2014, and the signings that will go live during 2015, will continue to drive our performance through this year and beyond. We anticipate 20%-25% growth in Adjusted EBITDA in 2015 and further growth in cash reserves, after proposing an increase in our dividend.

In parallel we will continue to invest in our product and our people, to ensure that we scale the business and its capabilities to deliver long term sustainable growth. We will also look to establish a suitable global partner framework to help us scale our business and serve our growing customer base.

I thank my colleagues, all dedicated travel retail professionals across the business, for their continued commitment and exemplary contribution to the success of the Group. Together we have worked hard to build the capability and strategy for sustainable growth.

I would like to extend a sincere thanks to our customers and business partners for their continuing support and trust. I would like to thank the Board for their support in 2014, in particular our Chairman, Paschal Taggart.

Finally, I would like to thank our shareholders for their continued support. I believe we have a real opportunity to drive significant scale and growth in our business in 2015, which will deliver shareholder value in the years ahead.



A handwritten signature in black ink, appearing to read 'Aidan Brogan'. The signature is fluid and cursive, with a large loop at the end.

Aidan Brogan, Chief Executive Officer

FINANCIAL REVIEW

INTRODUCTION

2014 was another important year for Datalex, one in which we continued to grow our Adjusted EBITDA and cash reserves, while securing an unprecedented level of new customers that will help drive growth in our platform revenue line in the years to come. 2014 was not without its challenges, in particular the extreme volatility in foreign exchange rates towards the end of the year. While we have hedged much of our euro exposure in 2015, the strengthening US dollar is positive for Datalex given our euro cost base and we expect to see further margin improvement in 2016.

	2014	2013	Growth
	US\$m	US\$m	%
Total revenue	41.4	38.1	9%
Platform revenue ⁽¹⁾	19.5	17.5	11%
Operating costs ⁽²⁾	39.0	36.6	7%
Adjusted EBITDA ⁽³⁾	8.5	7.5	12%
Profit after tax ⁽⁴⁾	2.7	1.6	69%
Cash and cash equivalents	18.3	16.9	9%
Cash generated from operations	9.6	6.0	60%
Net working capital	19.2	19.3	-1%
EPS - Basic (cent)	3.71	2.24	66%
EPS - Diluted (cent)	3.52	2.12	66%

- (1) Platform revenue is defined in Note 2.3 Revenue recognition.
- (2) Operating costs include cost of sales, selling and marketing costs, administrative expenses and other (losses)/gains (see Note 16 and Note 17).
- (3) Adjusted EBITDA is defined as earnings from continuing operations before (i) interest income and interest expense, (ii) tax expense, (iii) depreciation and amortisation expense and (iv) share based compensation expense (see Note 15).
- (4) The 2014 profit after tax includes recognition of previously unrecognised net deferred income tax assets of US\$0.3m (2013: US\$0.2m).

REVENUE

Total revenue increased by 9% in 2014 to US\$41.4m, which included an 11% rise in platform revenue to US\$19.5m (2013: US\$17.5m) driven by new go lives at Brussels Airlines, Virgin Atlantic and Air Transat, and the full year impact of the customers we brought live during 2013. This profile demonstrates our multi-year revenue momentum, where each year we see the initial platform revenue contribution from current year go lives and the full year contribution from the previous year go lives. Consequently on this basis we will see the full year Adjusted EBITDA impact from platform revenue generated by new customers like JetBlue Airways and Swiss International Air Lines in 2016.

Our services revenue grew by 14% to US\$18.1m in 2014 (2013: US\$15.9m) driven by deployments at new customers and increasing activity at current customers. As we scale our business we continue to look for opportunities to enhance our flexible operating model through the use of local partners to help deliver these services in a cost effective and localised manner.

OPERATING COSTS

Our cost base grew by 7% to US\$39.0m (2013: US\$36.6m). This included a foreign exchange translation impact of US\$0.5m on euro cash and receivables as a result of the sharp strengthening of the US dollar against the euro in the final weeks of 2014. Since the beginning of 2015 we have maintained a policy of minimising exposure to the weakening euro. The other main cost increases were payroll and contractor costs, which rose by 8% or US\$2.2m to US\$29.3m (before capitalisation and share based compensation expense). Resource costs account for 70% of our total cost base before capitalisation, and these new resources not only helped deliver the increase in our services revenue in the year, but also help to manage and support our expanding customer base.

ADJUSTED EBITDA, PROFIT AFTER TAX, EARNINGS PER SHARE

Adjusted EBITDA grew 12% to US\$8.5m, and profit after tax for the year grew 69% to US\$2.7m (2013: US\$1.6m). Both basic and diluted EPS increased by 66% to 3.71 and 3.52 US cents respectively.

The profit after tax for the year is after charging amortisation of product development of US\$3.7m (2013: US\$4.3m) and crediting net capitalised product development of US\$5.1m (2013: US\$3.2m). This investment relates to both development work driven by our product road map and investment in the platform arising from customer driven innovation and market requirements (e.g. China).

The profit after tax also includes recognition of deferred income tax assets of US\$0.3m (2013: US\$0.2m).

FINANCIAL REVIEW

BALANCE SHEET AND FINANCIAL POSITION AT 31 DECEMBER 2014

Cash reserves at 31 December 2014 grew 9% to US\$18.3m (2013: US\$16.9m), after payment of a dividend of US\$1.5m during the year. US\$9.6m was generated from operations in 2014 (2013:US\$6.0m). This cash was mainly applied to investment in our commerce platform (US\$5.1m), dividend payment (US\$1.5m) and finance lease payments (US\$0.9m).

Trade receivables and accrued income at 31 December 2014 were US\$9.9m (2013: US\$9.6m). The net cash impact from changes in receivables and payables in 2014 was less than US\$0.5m. Within this net position, US\$4.8m is accrued income (2013: US\$4.6m) mainly reflecting current work programmes ahead of upcoming invoicing milestones with some of our larger customers. We expect this to reduce significantly during H1 2015. This is offset by upfront cash payments made possible by improved cash terms in some of our newer contracts, resulting in an increase in deferred revenue at 31 December 2014 to US\$2.6m (2013: US\$1.5m). In parallel, we look to maximise credit terms from our suppliers to match the payment profile from our customers.

Year-end net working capital remained relatively stable year on year, decreasing by US\$0.1m to US\$19.2m (2013: US\$19.3m). Our balance sheet strength provides us with the capacity to pursue our strategic growth ambitions over the coming years, while enabling a progressive dividend policy. In 2015 the Board will recommend to shareholders to increase the 2014 dividend to three US cents per share. Notwithstanding this, we anticipate an increased level of net cash generation in 2015 as we extract operating leverage from the business as it scales.

As explained in Note 14 and Note 27, in order to manage our foreign exchange risk and to minimise the impact of the volatility of the euro against the US dollar on our euro cost base (primarily salaries, establishment and contractors costs in Ireland and the Netherlands), the Group has entered into several forward exchange contracts which have been designated as cash flow hedges. The fair value of the open positions as at 31 December 2014 was US\$0.7m which has been recognised as a debit to other comprehensive income under the relevant accounting policy stated in Note 2.25.

The effective rate of tax in the Group remains at zero, as the Group takes advantage of historic tax losses. At 31 December 2014 the Group had recognised deferred tax assets of US\$1.4m (2013: US\$1.1m) as a result of the projected increase in profitability of the business in the coming years, underpinned by the new customers signed in 2014. At the balance sheet date the Group also has unrecognised deferred tax assets amounting to US\$30.9m (2013: US\$31.3m).



A handwritten signature in black ink that reads "David Kennedy". The signature is written in a cursive, slightly slanted style.

David Kennedy, Finance Director

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 pages 31 through 32. A summary of the Group's key risks, their potential impact and how the Group manages these risks is set out below.

RISK	DESCRIPTION	MITIGATION
STRATEGIC RISKS		
Competitive Dynamics	Datalex operates in a highly concentrated competitive environment. Technical or commercial innovations could adversely affect the Group's performance.	The Group has strong market intelligence, which ensures we stay fully abreast of all competitive dynamics. In 2014 the Group appointed a Chief Innovation Officer to ensure our product maintains its leading position.
Business Growth	As outlined on page 7, the Group has developed an ambitious strategy to deliver sustained growth in shareholder value in the coming years. This is predicated on our ability to continue to win new business and to expand our product offerings.	<p>The Group is pursuing a multi-horizon growth strategy, using both direct market channels and selective partnerships with industry leading players. The Group has also established an office in Beijing to serve the important Chinese market.</p> <p>The Group continues to see strong momentum in its market, with a number of significant new signings in 2014, and a strong pipeline of opportunities in 2015.</p>
Key Pillars Required to Scale the Business	Datalex has achieved significant growth in its business, and continues to see increasing momentum in its market. The Group will need to ensure it has not only the required technical and delivery resources, but key leadership skills to scale the business.	<p>The Group is developing a flexible scaling model to serve the growing needs of the business, including the use of localised deployment partners in markets like China.</p> <p>In 2014 the Group appointed a Director of Organisation Development to drive the retention and development of key skills and capabilities in the organisation.</p>
COMMERCIAL RISKS		
Customer Attrition	The Group maintains a deep and important relationship with its customers. The loss of a number of these customers would negatively impact on our growth and brand.	<p>The Group maintains a strong focus on account management and customer satisfaction. In 2013, the Group implemented a Customer Success strategy, to enhance its account management capabilities and drive organic growth. Under this strategy a Customer Success Director has been appointed for each customer to ensure we are effectively aligned and that we continue to meet their operational and strategic needs.</p> <p>The Group continues to invest in innovation to ensure our product - which was again named the 'World's Leading Travel Merchandising Solution Provider' in December 2014 maintains its leading position.</p>

RISKS AND RISK MANAGEMENT

RISK	DESCRIPTION	MITIGATION
OPERATIONAL RISKS		
Service Delivery	The Datalex commerce platform provides mission critical functionality to its airline customers. Any delays in deployment could significantly impact on our customers' business and the Datalex brand.	The Group maintains a strong project management and execution focus and has a programme of continuous learning and improvement in place.
Product Quality	The Group provides mission critical software to its customers who use it to generate a high percentage of their revenues.	The Group has a robust quality management process in place, including code quality reviews and automated testing controls. The product development organisation also operates a programme of continuous improvement to its build, test and deployment activities.
Cyber Security	Datalex hosts a number of customers' solutions in its own Data Centre. These facilities require a high level of protection and security.	The Datalex hosting facility is fully PCI compliant and certified. Periodic external security and penetration testing is carried out by independent assessors, and the system has a high level of security and monitoring in place.
Business Interruption	Disruption to operational activities (Premises – People – Processes) as a result of a significant event.	The Group has identified back up measures for every mission critical system and has made provision for alternative working arrangements in the event that any office location is unavailable for any period of time.
FINANCIAL RISKS		
Foreign Exchange	The Group's revenues are primarily denominated in US dollar, but a large part of the cost base is in euro and sterling. Adverse fluctuations in exchange rates can negatively impact financial performance.	The Group manages its foreign exchange exposure through mechanisms such as forward contracts. The Group has also entered into a number of new euro customer contracts in the last 12 months to increase the natural hedge on euro costs and reduce the net exposure.
Credit Risk	The Group's customers operate in a challenging environment. Failure to manage receivables could impact on our financial performance.	The Group maintains a credit policy and closely monitors trade debt on an ongoing basis.

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Paschal Taggart (Chairman)
Aidan Brogan (Chief Executive Officer)
David Kennedy (Finance Director)
John Bateson
Peter Lennon
Roger Conan
Garry Lyons

SECRETARY

David Kennedy

REGISTERED OFFICE

Block U
East Point Business Park
Clontarf
Dublin 3

BANKERS

Bank of Ireland
Sutton Cross
Dublin 13

SOLICITORS

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

Maples and Calder
75 St. Stephens Green
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 (1995-1999). He is a former Director of Rosslough Holdings Ltd. (1995-1999) and a former partner in Bastow Charleton (1975-1985), Gilmore Taggart (1985-1991), 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 Group 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 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 Counsel Science) and an LLB. Peter is a member of the Institute of Directors and a member of the Federation of Defense and Corporate Counsel (FDCC).

GARRY LYONS (NON-EXECUTIVE DIRECTOR)

Garry Lyons was appointed to the Board in June 2013. Mr. Lyons is Chief Innovation Officer and Head of MasterCard Labs for MasterCard Worldwide, where he also runs the company's global R&D arm. Prior to his appointment at MasterCard, Mr. Lyons was the Chief Executive Officer of Orbiscom, a leading provider of innovative payment solutions to the global financial services industry. Garry is a Technologist by training, with a B.Sc. in Computer Applications from Dublin City University, and he has nearly 20 years' experience in the software and financial services industries, primarily focused on innovation and on the technology and business development aspects of deploying complex, large scale payment systems to some of the largest financial institutions in the world. Prior to joining Orbiscom, Mr. Lyons held various senior technology positions in Cognotec, Credo and ICL.

AIDAN BROGAN (CHIEF EXECUTIVE OFFICER)

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 over 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.

DAVID KENNEDY (FINANCE DIRECTOR AND COMPANY SECRETARY)

David Kennedy joined Datalex as Chief Financial Officer and Company Secretary in October 2007 and was appointed to the Board in December 2008 as Finance Director. 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 the ESB Group, the Irish electricity utility. David qualified with Grant Thornton and later joined Arthur Andersen's tax consulting division. David holds an MBA from the Smurfit School of Business at University College Dublin and has completed the CFO 'Leadership for Growth' programme at Stanford Graduate School of Business. He is a Fellow of The Institute of Chartered Accountants in Ireland and is a member of the Institute of Directors.

DIRECTORS AND OTHER INFORMATION

DATE OF APPOINTMENT (AND LENGTH OF SERVICE) TO THE BOARD AND COMMITTEES OF DATALEX PLC

NAME	DATALEX PLC BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
John Bateson	20 November 2006 (8 years 1 month)	5 February 2007 (7 years 11 months)	21 April 2010 (4 years 8 months)	21 April 2010 (4 years 8 months)
Roger Conan	30 May 2011 (3 years 7 months)	15 December 2011 (3 years 1 month)	6 February 2012 (2 year 11 months)	6 September 2012 (2 year 4 months)
David Kennedy	15 December 2008 (6 years 1 month)	–	–	–
Peter Lennon	4 August 2000* (14 years 5 months)	3 December 2009 (5 years 1 month)	4 August 2000 (14 years 5 months)	–
Paschal Taggart	24 September 2001 (13 years 3 months)	–	24 September 2001 (13 years 3 months)	24 September 2001 (13 years 3 months)
Aidan Brogan	25 June 2012 (2 year 6 months)	–	–	–
Garry Lyons	21 June 2013 (1 year 6 months)	–	–	–

* 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 2014.

PRINCIPAL ACTIVITY

The principal activity of the Group is the development and sale of digital commerce 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 2014 the Group brought its platform live at Brussels Airlines, Virgin Atlantic, Air Transat and West Air of China. The Group also won a number of new contracts, including Swiss International Air Lines and also entered into a technology partnership with Abacus Travel Systems of Singapore. As a result, the Group has grown its Adjusted EBITDA and cash generated. A detailed review of the business is included in the Chief Executive's Review and Financial Review.

CORPORATE GOVERNANCE

The directors' report on Corporate Governance on pages 25 to 33 sets out the Group's application of the principles and compliance with the provisions of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2012 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 (2004/109/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 16 to 17.

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 pages 31 and 32.

EMPLOYEES

The Group's employees are 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 18 to these financial statements for details of our average number of employees.

RESULTS, TOTAL ASSETS AND DIVIDENDS

The consolidated balance sheet at 31 December 2014 and the consolidated income statement for the year are set out on pages 44 and 45 respectively.

DIVIDENDS

The Board of Directors are recommending payment of a dividend of three US cents per share, up from two US cents per share in 2014.

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 Group'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

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*
IJU Nominees Limited	20,644,981	27.62%
Pageant Holdings Limited	8,014,310	10.72%
Kabouter Management LLC	3,269,443	4.37%
Farrington Capital Management SA	3,202,380	4.28%
Mr. Paschal Taggart	2,688,329	3.60%

*Percentage of ordinary share capital in issue on 20 March 2015.

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 2014, the Company's authorised share capital comprised US\$10,488,000, divided into 100,000,000 ordinary shares of US\$0.10 each, representing 95.3% 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 0.4% 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.

DIRECTORS' REPORT

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

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

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

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

The Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control following a takeover bid. The Company does not have any agreements with any director or employee that would provide compensation for loss of office 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'S INTERESTS

The directors and secretary (including the interests of spouses and minor children), who were in office at 31 December 2014, and their families, had the following beneficial interests in the share capital of Datalex plc at 31 December 2014 and 31 December 2013:

DIRECTOR	2014 ORDINARY SHARES OF US\$ 0.10 EACH	2014 OPTIONS OVER ORDINARY SHARES OF US\$0.10 EACH	2013 ORDINARY SHARES OF US\$0.10 EACH	2013 OPTIONS OVER ORDINARY SHARES OF US\$0.10 EACH
John Bateson	-	-	-	-
Aidan Brogan ⁽¹⁾	123,644	1,200,000	123,644	1,300,000
Roger Conan	266,900	-	216,900	-
David Kennedy	30,546	1,057,000	30,546	1,077,000
Peter Lennon	325,935	-	325,935	-
Garry Lyons	328,044	-	328,044	-
Paschal Taggart	2,688,329	-	2,688,329	-

(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).

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.

DIRECTORS AND SECRETARY

The names of the persons who were directors at any time during the year ended 31 December 2014 are set out below. Unless indicated otherwise, they served as directors for the entire year.

John Bateson*

Roger Conan*

David Kennedy

Peter Lennon*

Paschal Taggart*

Aidan Brogan

Garry Lyons*

(*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 2015. Resolutions will be proposed at the Annual General Meeting to reappoint them. Biographical detail of all directors can be found on the company's website and on page 19.

DIRECTORS' REPORT

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 2014 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.

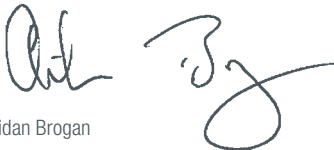
DEVELOPMENT ACTIVITIES

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 and Financial 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



Paschal Taggart

23 March 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

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 2013 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.

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

DIRECTORS' STATEMENT PURSUANT TO TRANSPARENCY REGULATIONS

Each of the directors, whose names and functions are listed on pages 19 and 20 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



Paschal Taggart

23 March 2015

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

This statement forms part of the Directors' report set out on pages 21 to 23. 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 2012 Code can be accessed from the following website address: 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 (2014) which applies to the Group in the year ending 31 December 2015.

On page 24 of the Annual Report, as required by the Code Provision C.1.1. the directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy.

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 19 and 20.

In 2007 the Group 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 Datalex commerce platform 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. The Group has seen continued growth in its business in 2014, and has added a number of significant new customers to its customer base. The Board believe that the key value driver of the business is growth in platform 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 Group is well positioned to deliver continued growth in financial performance.

At 31 December 2014, the Board comprised seven directors, five 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. The Nominations Committee will continue to periodically review the composition of the Board and the Board's collective skills set to ensure it continues to meet the needs of the Group and its ambitious growth plans.

Neither of the Executive Directors hold any directorships in public 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 Officer are separate, and there is a clear division of responsibilities between them.

The Board met thirteen 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 30. 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 2012 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 has been Senior Independent Non-Executive Director since February 2013. The Senior Independent Non-Executive Director is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive Officer 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.

CORPORATE GOVERNANCE STATEMENT

TERMS OF APPOINTMENT

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

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board has evaluated the independence of each Non-Executive Director by considering a number of factors, including:

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

Using these criteria, the Board 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 Group has grown considerably

over the last number of years and the Board believes that the Group benefits from the continuity of tenure and considerable experience that Mr. Taggart and Mr. Lennon bring to bear on the Group's governance. The Board is also satisfied that both directors continue to demonstrate independence in the execution of their roles and their contribution to the overall performance of the Board.

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 Group as the business develops. During 2014, this was primarily achieved through:

- discussions held by the Chairman with directors on an individual and Group basis. The Chairman used a comprehensive questionnaire as a guideline to lead the discussions.
- a review by the Chairman of the effectiveness of each Board meeting and the contribution of individual Board members throughout the year. The review of individual Board members included an evaluation of their skills, independence and knowledge of the Group. 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 directors' remuneration on pages 34 to 36.

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 pages 35 and 36, 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.

MEETINGS

The Board routinely meets at least ten times a year and additionally as required. During the year, the Board met thirteen times. Details of directors' attendance at these meetings are set out on page 30.

The Chairman sets the agenda for each meeting in consultation with the Chief Executive Officer and the Company Secretary. The agenda and Board papers are circulated prior to each meeting to provide the directors with relevant information and to 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 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 Group'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 reviews the strategic development of the business against its three year plan. In 2014 these strategic reviews were carried out in December.

CORPORATE GOVERNANCE STATEMENT

GENERAL MEETINGS

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

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

MEMORANDUM AND ARTICLES OF ASSOCIATION

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

BOARD COMMITTEES

The Board has an effective Committee structure to assist in the discharge of its responsibilities. Each Committee has formal terms of reference approved by the Board and is governed by a statement of general principles and rules of procedure adopted by the Board. These are available on request from the Company Secretary.

AUDIT COMMITTEE

The Audit Committee has been charged by the Board with the task of overseeing the accounting, financial reporting, internal control and risk management processes of the Group, and the audit of the financial statements. The Committee has written terms of reference which set out its role, responsibilities and duties. These can be obtained on request from the Company Secretary.

The Audit Committee met six times during the year, and at 31 December 2014 comprised John Bateson (Chairman) – who has recent and relevant financial experience, Peter Lennon and Roger Conan. The Committee members attended all the meetings during 2014, with the exception of Peter Lennon, who by prior arrangement, was absent from one meeting. The Finance Director and external auditors are invited, where relevant, to attend meetings of the Audit Committee, and Committee members regularly meet employees from a variety of departments to aid their understanding of the business, and to assist in discharging their duties.

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 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 2014 year-end audit plan and during March 2015, reviewed in detail the 2014 Post-Audit Report to the Audit Committee prepared by the external auditors.

CORPORATE GOVERNANCE STATEMENT

- External Audit: The Committee monitors and reviews the independence and objectivity of the external auditors by receiving confirmation from the external auditors 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 auditors. The nature, extent and scope of non-audit services provided to the Group by the external auditors and the economic importance of the Group to the external auditors were also monitored to ensure that independence and objectivity was not impaired. Details of amounts paid to the external auditors during the year are set out in Note 16 to the financial statements. The Group has also monitored the effectiveness of the audit process, advising on the appointment, re-appointment and removal of the external auditors and review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. At the conclusion of each year's audit, the Committee evaluates the performance of the external auditors. This is supported by obtaining feedback from the Executive Directors and relevant senior management, covering quality of the audit team, business understanding and audit approach. The effectiveness of the audit is also assessed throughout the year through reviewing the quality and scope of the planning of the audit, the responsiveness to changes in our business, the quality of the post audit findings, the recommendations made by the external auditors on internal controls, the consideration of the auditor's independence, and the interaction at the Audit Committee meetings. In particular, the robustness of findings on areas which require judgement are specifically considered. A separate debrief between the lead audit partner and Chair of the Audit Committee takes place annually.
- Reviewing the effectiveness of the Group's internal control system. In particular, the Audit Committee is mindful of the continuing growth of the business over the last number of years, and the ever changing competitive market. 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 Group for example critical resource levels, pricing of new contracts, and controls around service and quality levels.
- 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 invoicing process;
- Ensuring the integrity of the Annual Report and Accounts and ensuring that the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

SIGNIFICANT AREAS

The Audit Committee's reporting remit has been extended extensively to require specific discussion in respect of the work the Audit Committee undertook during the year in discharging its responsibilities, and the significant issues it dealt with, and how such issues were addressed. Most importantly perhaps it is expected that such matters would at least include those items communicated to the Board by the external auditors during the year.

The significant areas considered by the Committee were:

- Revenue Recognition:**

In relation to the accrued income for services/projects that are work in progress at year-end and accounted for under the percentage of completion method, the Committee reviewed the status of all major projects at year end and the related accrued income by customer, based on the project information reports as submitted to the Board of Directors and discussed the status of key projects with the relevant operational staff. The Committee has given consideration to the fact that for fixed fee large deployment projects, which extend over long periods, the determination of stage of completion can be complex. The Group's management team has exercised their judgement on the stage of completion of certain large projects based on the time incurred, the work performed and project stages achieved at year end, as well as the estimate of effort and hours to completion. The Committee has discussed the underlying significant judgements and estimates supporting the accrued income calculation with management and concur with management's assessment thereof.

In respect of platform revenue, the Committee has reviewed the level of recognised platform revenue per customer by reference to the underlying applicable number of transactions as sourced by the Group's internal systems (hosted customers) or transactions reported by customers (non-hosted customers) and the applicable key contractual provisions applicable to each customer. The Committee has analysed the trends and discussed significant movements with management. The Committee was satisfied that the revenue recognised and accrued at year-end is appropriate.

The Committee has also considered the appropriateness of the relevant revenue recognition policy and its consistency with the disclosure in the financial statements.

CORPORATE GOVERNANCE STATEMENT

Recoverability of certain trade receivables and accrued income balances which are overdue as at 31 December 2014:

The members of the Audit Committee have assessed the recoverability of certain overdue trade receivable balances with management. In particular, the reasons underpinning the delayed collection and the level of bad debt provision required in each case were addressed as part of the Committee's discussions with management. In respect of certain aged accrued income balances, the Committee has also discussed the status and the related contractual arrangements with management. The Committee has monitored the post year-end status and developments relating to these balances and customers. Based on the Committee's review and discussions with management, they are satisfied that the level of provision for impaired trade receivables at year-end is adequate.

Capitalised product development:

The Committee reviewed the process and value of capitalised product development during 2014. Their review included meetings with management and members of the finance team involved in the capitalisation process, a review of the capitalised product development process paper produced by management and a review of the key elements of capitalised development spend in 2014. The Committee has also considered the nature of the capitalised development expenditure within the framework of the development road map or, as applicable, the increased value and functionalities added to the platform from investment carried out arising from customer driven requirements. The Committee was satisfied that the approach is consistent with previous years, and is in line with the relevant IFRS requirements.

The Committee has also reviewed the key assumptions underpinning the recoverable amount determined in the impairment calculations as disclosed in Note 5 to the financial statements and concluded that the assumptions are appropriate and consistent with the Board approved budgets and knowledge of the business.

Deferred tax:

The Committee reviewed the assumptions underlying the amount of the deferred income tax assets recognised at 31 December 2014. The external auditors reported and discussed their findings with the Committee. After reviewing papers prepared by management, reviewing future projections of taxable income at each taxable entity level, obtaining information as to the current and prior years' levels of taxable profit in each taxable entity and discussions with the external auditors, the Committee was satisfied that the quantum of deferred income tax assets as recognised and the relevant disclosures in the financial statements are appropriate.

INDEPENDENCE OF EXTERNAL AUDITORS

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 auditors 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 auditors also provide some tax advisory services to the Group. 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 auditors have 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.

The Committee has noted recent European legislative developments and will evaluate the impact when the member state options element is enacted in Ireland which is expected later in 2015. PwC have been the Group's auditors since 2004 when the external audit was last put out to tender.

NOMINATIONS COMMITTEE

The Nominations Committee met once during the year and, at 31 December 2014, comprised Paschal Taggart (Chairman), John Bateson, Peter Lennon and Roger Conan. All Committee members attended the meeting.

The Nominations Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nominations Committee is responsible for reviewing, identifying and recommending suitable candidates for appointment as directors. The terms of reference of the Nominations Committee, including its role and the authority delegated to it by the Board, 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 an annual basis the Nominations Committee reviews the size, structure and composition of the Board, and makes recommendations to the Board with regard to any changes required, within the context of the ongoing development and evolution of the business.

The Group recognises the importance and benefit of ensuring diversity throughout the organisation. 22 nationalities are represented within our workforce, and we strive to ensure that our culture promotes and respects everyone, irrespective of nationality or gender.

CORPORATE GOVERNANCE STATEMENT

The Board also acknowledges the importance of promoting female participation at all levels in the company. Women currently make up 24% of total employees and 31% of senior management (top two levels) in the Group, however there has not yet been a female appointment to the Board. In that light, and in the context of the evolving business environment of the Group, the Nomination Committee has initiated a review of Board composition and structure, and anticipates the appointment of an additional Non-Executive Director in the first half of 2015.

REMUNERATION COMMITTEE

The Remuneration Committee met two times during the year and, at 31 December 2014, comprised Peter Lennon (Chairman), John Bateson, Paschal Taggart and Roger Conan.

All Committee members attended the meetings, with the exception of Paschal Taggart, who by prior arrangement, was absent from one meeting.

The Remuneration 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 page 19, 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 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 2014 is set out below:

NAME	APPOINTED	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATION COMMITTEE	
		A	B	A	B	A	B	A	B
John Bateson	2006	13	12	6	6	2	2	1	1
Roger Conan	2011	13	13	6	6	2	2	1	1
David Kennedy	2008	13	13	-	-	-	-	-	-
Peter Lennon	1993	13	12	6	5	2	2	1	1
Paschal Taggart	2001	13	12	-	-	2	1	1	1
Aidan Brogan	2012	13	13	-	-	-	-	-	-
Garry Lyons	2013	13	12	-	-	-	-	-	-

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

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 Group's overall risk environment, with respect to both risks to the achievement of the Group's business objectives, and risks to the integrity and effectiveness of the Group'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 Facility, and control over the Group'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 key risks, together with mitigating actions, is set out on pages 16 and 17;
 - There is a comprehensive annual planning and budgeting system in place, cascading from the Group's three year strategic plan, which itself was comprehensively updated and revised in Q4 2014. 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. In Q4 2014 the Audit Committee conducted a detailed review of the Group's internal financial control environment;
 - The Group has written procedures and authority limits for all operating and capital expenditure;
 - There is a comprehensive control process in place in relation to management of the integrity of the Group's software development process;
 - The Group has a clearly defined policy and procedure for the evaluation, negotiation and sign-off of new business proposals and contracts.
- ## FINANCIAL REPORTING PROCESS
- In addition to the general internal control and risk management framework set out above, the following controls exist in relation to the financial reporting process:
- the Group's financial reporting system has been designed and implemented to ensure consistency and visibility of management information, which provides a sound basis for management and Board reviews of performance;
 - the Consolidated Financial Statements are prepared by the central finance team in Dublin;
 - uniform Group accounting policies are applied in the Company and each subsidiary;
 - standard software is used to carry out the accounting processes for the preparation of the individual financial statements as well as for the Consolidated Financial Statements;
 - 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 Officer and Finance Director carry out periodic business performance reviews; and
 - the Finance Director regularly reviews the expertise and resource levels of the finance function.

CORPORATE GOVERNANCE STATEMENT

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 2014, 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
- 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 UK Corporate Governance 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 pages 28 and 29, 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 company'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 Chief Executive Officer 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 Non-Executive 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 2013 ("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 or her 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;
- 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.

CORPORATE GOVERNANCE STATEMENT

COMPLIANCE STATEMENT

The Group has applied the principles and provisions of the UK Code and the Irish Annex throughout the year ended 31 December 2014, 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 periodically 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.
- 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). This award was made prior to Mr. Brogan's appointment as a director and Chief Executive Officer of the Company.

On Behalf of the Board



Aidan Brogan



Paschal Taggart

23 March 2015

REMUNERATION REPORT

INTRODUCTION

This report deals with directors' remuneration for the year ended 31 December 2014. This report is divided into two parts. Part I of this report contains unaudited information and Part II contains audited information.

PART I – THIS PART OF THE REMUNERATION REPORT IS UNAUDITED.

REMUNERATION POLICY

The Group's policy in respect of the remuneration of Executive Directors is to provide remuneration packages, including variable elements such as performance related bonuses which attract, retain, motivate and reward, the executives concerned and, by ensuring strong links between performance and reward, which encourage them to enhance the Group's performance. In considering such packages, cognisance is taken of: the levels of remuneration for comparable positions; the responsibilities of the individual concerned; their individual performances against specific and challenging objectives; and overall Group performance. Share options are granted to employees on the basis of their responsibilities and, where relevant, their past performance. Share options granted under the 2012 Plan, which was approved by shareholders on 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 Board-approved performance targets (see Note 9).

REMUNERATION COMMITTEE

The Remuneration Committee comprises Peter Lennon as Chairman, John Bateson, Paschal Taggart and Roger Conan. As evidenced by the Board member biographies on page 19, 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 €285,000 (2013: €285,000) and €175,000 (2013: €175,000) 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 €48,000.

NON-EXECUTIVE DIRECTORS

The Group agreed with its Non-Executive Directors to pay each Non-Executive Director €48,000 per annum (2013: US\$60,000) in respect of their services as directors. The Chairman is paid an annual fee of €96,000 per annum (2013: US\$120,000). Non-Executive Directors' fees of US\$97,127 (2013: US\$110,238) were accrued at the year end.

SHARE PERFORMANCE

The price range during the period from 1 January 2014 to 31 December 2014 was €1.15 to €1.70.

REMUNERATION REPORT

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 2014:

Directors	Basic salary & fees inc performance bonus US\$'000	Other benefits US\$'000	Pension contributions US\$'000	Share awards charge US\$'000	2014 Total US\$'000	2013 Total US\$'000
John Bateson	64	-	-	-	64	60
David Kennedy	254	18	14	165	451	347
Roger Conan	64	-	-	-	64	60
Peter Lennon	64	-	-	-	64	60
Paschal Taggart	128	-	-	-	128	120
Aidan Brogan	380	19	29	268	696	515
Garry Lyons	64	-	-	-	64	32
Total	1,018	37	43	433	1,531	1,194

BONUS

Executive Directors participate in an annual performance incentive scheme based on a combination of individual objectives and Group performance targets for Adjusted EBITDA and cash. For the year ended 31 December 2014, Aidan Brogan was paid a bonus of €Nil (2013: €Nil) and David Kennedy was paid a bonus of €14,983 (2013: €17,802).

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 2014 were US\$42,645 (2013: US\$36,000).

The total contributions accrued for Aidan Brogan and David Kennedy under the scheme at the year ended 31 December 2014 were US\$3,563 (2013: US\$Nil) and US\$2,188 (2013: US\$Nil).

DIRECTORS' INTERESTS IN SHARE OPTIONS

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

	At 1 January 2014	Granted during the year	Exercised during the year ⁽²⁾	Expired during the year	At 31 December 2014	Exercise price range	Date from which exercisable	Expiry Date
David Kennedy	1,077,000	-	20,000	-	1,057,000	€0.48- €0.54	2009 / 2016	2019 / 2022
Aidan Brogan ⁽¹⁾	1,300,000	-	100,000	-	1,200,000	€0.13 - €0.84	2004 / 2016	2014 / 2023

(1) In January 2012, Aidan Brogan (in the role of SVP of Sales at the time) was granted 260,000 shares under the Joint Share Ownership Plan, which provides for a vesting period over two years. The Board acknowledges that this award was made before Aidan Brogan was appointed as Chief Executive Officer and as a director of the Company.

(2) The weighted average market price of the shares at the time of the exercise was €1.50 and €1.55 for David Kennedy and Aidan Brogan's share options respectively.

REMUNERATION REPORT

2012 SHARE OPTION PLAN

The Datalex Share Option Plan 2012 was approved by shareholders on 6 February 2012. Under the Rules of the 2012 Plan, options will not normally be exercisable until three years after the date of grant and vesting is subject to the achievement of challenging annual performance targets as determined by the Remuneration Committee. Options granted under the 2012 Plan have an exercise price equal to the then prevailing market price for a Datalex ordinary share. Under the Rules of the 2012 Plan, if performance conditions are not met, the options will not vest and will lapse.

Each option award currently outstanding under the 2012 Plan has been granted subject to performance conditions relating to the achievement by the Group of EBITDA, cash performance targets and other conditions, as established by the Remuneration Committee, in the three year period commencing on date of grant, with each condition applicable to one third, respectively, of the number of options subject to the award. The performance conditions applicable to FY 2014 were achieved.

JOINT SHARE OWNERSHIP PLAN

The Board approved the establishment of the Datalex Joint Share Ownership Plan in January 2012. The Plan is intended to incentivise senior management in the Group (excluding Executive Directors) towards the achievement of challenging EBITDA and cash performance targets, as established by the Remuneration Committee.

Participants' interests acquired under the Plan take the form of restricted interests in ordinary shares of the Company ("Plan Shares"), with interests acquired under the Plan being subject to time-based (continuous service) and performance-based conditions to vesting. Key members of the Group's senior management (excluding the Executive Directors) acquired interests under the Plan in January 2012. Under the Plan, these participants and an Employee Benefit Trust administered by independent professional trustees jointly acquired 1.56 million existing shares at the open market price (then €0.36 per share).

In accordance with the Rules of the Plan, vesting of the participants' interests was conditional on achievement of performance conditions relating to EBITDA and cash targets for the Group, as established by the Remuneration Committee, in the financial years ended 31 December 2013 (as to one half of the interests) and 31 December 2014 (as to the other half) and on the first and second anniversary of the acquisition date, respectively. The performance conditions for FY 2014 were achieved, and in accordance with the Rules of the Plan, the second half of the participants' interests has vested.

Where an Interest vests, the trustees of the Employee Benefit Trust may, at the request of the participant, transfer Ordinary Shares to the participant of equal value to the participant's Interest or the Plan Shares may be sold by the trustees who will account to the participant for the difference between the sale proceeds less expenses and the Employee Benefit Trust's interest in the Plan Shares.

On Behalf of the Remuneration Committee



Peter Lennon

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATALEX PLC

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

IN OUR OPINION:

- the Group financial statements give a true and fair view, in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, of the state of the Group's affairs as at 31 December 2014 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 2013, of the state of the Company's affairs as at 31 December 2014 and of its cash flows for the year then ended; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

WHAT WE HAVE AUDITED

Datalex plc's financial statements comprise:

- the Consolidated and Company Balance Sheets as at 31 December 2014;
- the Consolidated Income Statement and Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statements of Cash Flows for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and IFRSs as adopted by the European Union and, as regards the Company, as applied in accordance with the provisions of the Companies Acts 1963 to 2013.

OUR AUDIT APPROACH

OVERVIEW



Materiality

- Overall Group materiality: US\$210,000 (2013: US\$188,000) which represents 2.5% of earnings before share based payment expense, net finance costs, income tax expense, depreciation and amortisation ("Adjusted EBITDA").

Audit scope

- All reporting units were in scope for an audit of their complete financial information.

Areas of focus

- Revenue recognition and accrued income
- Recoverability of trade receivables
- Capitalisation of development costs
- Measurement of deferred tax assets

THE SCOPE OF OUR AUDIT AND OUR AREAS OF FOCUS

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that may represent a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below together with an explanation of how we tailored our audit to address these specific areas. This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATALEX PLC

AREA OF FOCUS

Revenue recognition and accrued income

Note 2.3 to the financial statements sets out the accounting policy for revenue recognition and includes a description of the types of revenue that the Group has.

The timing of the recognition of revenue in respect of fixed fee professional services is calculated using the percentage of completion method. This requires the exercise of significant judgement in the assessment of the extent of progress towards completion which is estimated by reference to labour hours incurred to date as a % of the total estimated labour hours.

Platform revenue is earned from the use of the Group's commerce platform by its customers. Revenue is principally recognised based on the contractual rate applied to bookings or other underlying transactions which are sourced from IT systems and also on a fixed fee basis for some customers.

Accrued revenue arises on fixed fee professional services revenue billed in arrears and in situations where platform revenue is billed in arrears. It also arises where a customer terminates a contract before the end of the agreed term. As set out in Note 7 to the financial statements, the balance sheet includes accrued revenue of US\$4.8m at the year end.

We focused on revenue recognition and accrued revenue because of the judgements required in relation to the percentage of completion method, and because of the quantum of accrued revenue at year end.

We also focused on the presentation of revenue as it is a key performance indicator of the Group's performance.

HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS

We identified key professional services projects for testing based on size, complexity, risk, balance sheet amount and ageing.

We tested the quantum and timing of professional service revenue recognition, and in particular considered whether the Group appropriately recorded professional service revenue by reference to the percentage of completion in respect of projects which were in progress at year-end and were subject to fixed fee arrangements. We tested the Group's revenue entitlement by reference to the agreed written arrangements and the status of the projects by reference to the Group's time recording system and operational budgets for these projects.

We challenged management's assumptions in respect of estimated professional services revenues and costs by considering historical performance to date and relevant correspondence with the selected customers.

For platform revenue recognised based on actual variable periodic transactions, we tested these transactions against information provided by the Group's own systems or customers depending on whether they relate to hosted and non-hosted customers, respectively. Our testing included both billed or invoiced revenue and accrued revenue.

Where the information in respect of transactions was sourced from the Group's internal IT systems, we have used our IT specialists in order to test the accuracy and completeness of the transaction information supporting the recognised platform revenue.

We also tested the Group's revenue entitlement in respect of other revenue amounts included in platform revenue by reference to the written arrangements applicable to each of the relevant Group's customers.

For accrued revenue, we obtained supporting written documentation including contracts, work orders and other correspondence for all material balances. Where accrued revenue balances were still unbilled at the time of our audit we sought explanations as to why the balances remained unbilled and considered the reasonableness of these explanations and the expected timing of billing and collection.

We considered the appropriateness of the presentation of revenue by considering each type of revenue earned by the Group and ensuring it was disclosed in accordance with the Group's accounting policy set out in Note 2.3.

We tested manual revenue journal entries focusing on unusual or irregular items.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATALEX PLC

AREA OF FOCUS

HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS

Recoverability of trade receivables

We focused on overdue receivables due to the increase in the year in balances overdue and not impaired, as disclosed in Note 7 to the financial statements.

For overdue trade receivables, we discussed the selected individual overdue balances with management and the reasons for the delay in their collection and considered the reasonableness of their conclusions as to whether a provision for impairment was necessary. Where possible, we have substantiated this analysis with evidence of collectability (subsequent receipt of the amounts due or correspondence with the customers, as applicable). We also considered the contract terms and specific credit risk assessments for each customer in assessing the adequacy of provisions for bad debts for overdue customer balances.

We also compared the historical provision for bad debts to the actual amounts written off over the period 2010 to 2014 to determine whether the directors' estimation techniques were reasonable.

Capitalisation of development costs

As set out in the accounting policy for intangible assets in Note 2.5 to the financial statements, development expenditure is capitalised where the relevant criteria are met. Considerable judgement is exercised in determining what type of platform work meets the criteria for capitalisation and in determining the appropriate amount of directly attributable management and supervisory time, bug fixing (rebasing and republishing) and the portion of the relevant overheads to capitalise.

We focused on this area due to the significance of the amount capitalised in the year (US\$5.1m as set out in Note 5) in the context of the financial statements and the judgements required.

We identified key development projects for testing based on balance sheet amount. We tested the hours and costs charged to individual capital projects by the qualifying personnel against the Group's time recording system and payroll records.

We independently met with the Research & Development department staff to develop an understanding of the projects, the relevant status and phases, and their technical feasibility.

We have also evaluated the commercial feasibility by reference to expected future benefits underpinned by signed customer agreements.

We also challenged the judgements applied by management underpinning certain elements of the calculations by checking consistency with historic data in relation to the level of bug fixing (rebasing and republishing) and overheads.

Measurement of deferred tax assets

The Group has recognised net deferred tax assets of US\$1.4m and has unrecognised deferred tax assets of US\$30.9m. We focused on this area because partial recognition requires a significant level of judgement by the directors in determining the quantum of carried forward tax losses and other tax credits which will be utilised, by legal entity and jurisdiction, in future periods, and therefore should be recognised as deferred tax assets.

We evaluated the Group's profit forecasts underlying the recognition of tax losses and other tax credits included in the deferred tax asset balance, including comparing them to Board approved annual budgets and three year plans. We challenged the assumptions underpinning the recognised asset by reference to the current and prior years levels of taxable profits.

We have also challenged the judgement involved in relation to the look-out period utilised for the purpose of determining the available future taxable profit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATALEX PLC

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group is structured into two business segments being "E-business" and "TPF Consulting". The Group financial statements are a consolidation of six individual reporting units, comprising four reporting units for the E-business segment, Ireland, the United States of America, the United Kingdom and in 2014, a new subsidiary in China, the TPF Consulting segment which is centralised in the Netherlands and the centralised Group head office function in Ireland. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each reporting units by us.

Taken together, the components and functions where we performed our audit work accounted for 100% of Group revenues and 100% of Group profit before tax.

MATERIALITY

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	US\$210,000 (2013: US\$188,000)
----------------------------------	---------------------------------

How we determined it	2.5% of Adjusted EBITDA
-----------------------------	-------------------------

Rationale for benchmark applied	We considered the reporting by the Company to its shareholders. We have determined that Adjusted EBITDA is the most appropriate measure of recurring performance of the Group. This is also a key performance indicator reported internally by the Company to its Board of Directors.
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We have also considered the other items of income and expense included within statutory profit before tax to ensure the materiality determined was reasonable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US\$10,000 (2013: US\$9,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

GOING CONCERN

Under the Listing Rules of the Irish Stock Exchange we are required to review the directors' statement, set out on page 23, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the Group and Company financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and the Company's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATALEX PLC

OTHER REQUIRED REPORTING

CONSISTENCY OF OTHER INFORMATION

Companies Acts 1963 to 2013 opinions

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.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- | | |
|--|--|
| <ul style="list-style-type: none">■ information in the Annual Report is:<ul style="list-style-type: none">– materially inconsistent with the information in the audited financial statements; or– apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or– is otherwise misleading. | <p>We have no exceptions to report arising from this responsibility.</p> |
|--|--|

- | | |
|--|--|
| <ul style="list-style-type: none">■ the statement given by the directors on page 24, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit. | <p>We have no exceptions to report arising from this responsibility.</p> |
|--|--|

- | | |
|---|--|
| <ul style="list-style-type: none">■ the section of the Annual Report on pages 28 and 29, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee. | <p>We have no exceptions to report arising from this responsibility.</p> |
|---|--|

DIRECTORS' REMUNERATION

Under the Companies Acts 1963 to 2013 we are required to report to you if, in our opinion, the disclosure of directors' remuneration and transactions specified by law have not been made, and under the Listing Rules of the Irish Stock Exchange we are required to review the six specified elements of disclosures in the report to shareholders by the Board on directors' remuneration. We have no exceptions to report arising from these responsibilities.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules of the Irish Stock Exchange we are required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified for our review. We have nothing to report having performed our review.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACTS 1963 TO 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the Company.
- The Company Balance Sheet is in agreement with the books of account.
- The net assets of the Company, as stated in the Company Balance Sheet, 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 2014 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATALEX PLC

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 24, the directors are responsible for the preparation of the Group and Company financial statements giving a true and fair view.

Our responsibility is to audit and express an opinion on the Group and Company financial statements in accordance with Irish law and ISAs (UK & 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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Damian Byrne

for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

23 March 2015

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2014


	Notes	2014 US\$'000	2013 US\$'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	4	1,706	1,403
Intangible assets	5	13,954	12,442
Deferred income tax assets	20	1,386	1,066
Total non-current assets		17,046	14,911
<i>Current Assets</i>			
Trade and other receivables	7	11,296	10,826
Cash and cash equivalents	8	18,341	16,878
Total current assets		29,637	27,704
TOTAL ASSETS		46,683	42,615
EQUITY			
<i>Capital and reserves attributable to the equity holders of the Company</i>			
Ordinary share capital	9	7,460	7,413
Other equity share capital	9	262	262
Other reserves	10	3,121	2,763
Retained earnings		24,697	23,479
TOTAL EQUITY		35,540	33,917
LIABILITIES			
<i>Non-Current Liabilities</i>			
Borrowings	13	731	336
Total non-current liabilities		731	336
<i>Current liabilities</i>			
Trade and other payables	12	8,727	7,753
Borrowings	13	913	555
Financial liabilities – forward contracts	14	728	-
Current income tax liabilities		44	54
Total current liabilities		10,412	8,362
TOTAL EQUITY AND LIABILITIES		46,683	42,615

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

On Behalf of the Board


Aidan Brogan

23 March 2015


Paschal Taggart

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 US\$'000	2013 US\$'000
Revenue	15	41,375	38,074
Cost of sales	16	(31,225)	(31,049)
GROSS PROFIT		10,150	7,025
Selling and marketing costs	16	(3,473)	(2,734)
Administrative expenses	16	(3,109)	(3,009)
Other (losses)/gains	17	(1,205)	236
OPERATING PROFIT		2,363	1,518
Finance income	19	137	85
Finance costs	19	(72)	(74)
PROFIT BEFORE INCOME TAX		2,428	1,529
Income tax credit	20	274	71
PROFIT FOR THE YEAR		2,702	1,600
PROFIT PER SHARE (in US\$ cents per share)			
Basic	21	3.71	2.24
Diluted	21	3.52	2.12

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

On Behalf of the Board


Aidan Brogan

23 March 2015


Paschal Taggart

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 US\$'000	2013 US\$'000
Profit for the financial year		2,702	1,600
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Foreign currency translation adjustments		(39)	19
Net fair value losses on cash flow hedges	14	(728)	-
	10	(767)	19
Items which will not subsequently be reclassified to profit or loss			
		-	-
Comprehensive income for the financial year		1,935	1,619


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

On Behalf of the Board



Aidan Brogan

23 March 2015



Paschal Taggart


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY


FOR THE YEAR ENDED 31 DECEMBER 2014

	Equity share capital	Other equity share capital	Other reserves	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2013	7,222	262	1,624	21,879	30,987
Profit for the year	-	-	-	1,600	1,600
Other comprehensive income	-	-	19	-	19
Total comprehensive income for the year	-	-	19	1,600	1,619
Share based schemes charge	-	-	650	-	650
Issue of ordinary shares on exercise of options	191	-	470	-	661
Balance at 31 December 2013	7,413	262	2,763	23,479	33,917
Balance at 1 January 2014	7,413	262	2,763	23,479	33,917
Profit for the year	-	-	-	2,702	2,702
Other comprehensive expense	-	-	(767)	-	(767)
Total comprehensive income for the year	-	-	(767)	2,702	1,935
Share based schemes charge	-	-	934	-	934
Issue of ordinary shares on exercise of options (Note 10)	47	-	131	-	178
Decrease in treasury shares due to exercise of JSOP awards (Note 10)	-	-	60	-	60
Dividends paid (Note 11)	-	-	-	(1,484)	(1,484)
Balance at 31 December 2014	7,460	262	3,121	24,697	35,540

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

On Behalf of the Board


Aidan Brogan


Paschal Taggart

23 March 2015

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

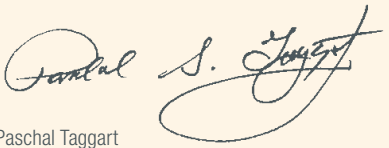
	Notes	2014 US\$'000	2013 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	9,586	5,976
Income tax paid		(20)	(101)
NET CASH GENERATED FROM OPERATING ACTIVITIES		9,566	5,875
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(495)	(192)
Additions to intangible assets		(4,833)	(3,202)
Interest received		137	85
NET CASH USED IN INVESTING ACTIVITIES		(5,191)	(3,309)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (including share premium)		178	661
Proceeds from exercise of JSOP awards	10	60	-
Dividends paid to shareholders	11	(1,484)	-
Decrease in finance lease liabilities		(897)	(801)
Interest paid		(72)	(74)
NET CASH USED IN FINANCING ACTIVITIES		(2,215)	(214)
Net increase in cash and cash equivalents		2,160	2,352
Foreign exchange loss on cash and cash equivalents		(697)	(102)
Cash and cash equivalents at beginning of year		16,878	14,628
CASH AND CASH EQUIVALENTS AT END OF YEAR		18,341	16,878

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

On Behalf of the Board


Aidan Brogan

23 March 2015


Paschal Taggart

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 US\$'000	2013 US\$'000
ASSETS			
<i>Non-current assets</i>			
Investments in subsidiaries	6	46,901	45,967
<i>Current Assets</i>			
Trade and other receivables	7	3,511	3,430
Cash and cash equivalents	8	1,020	69
Total current assets		4,531	3,499
TOTAL ASSETS		51,432	49,466
EQUITY			
<i>Capital and reserves attribute to equity holders of the Company</i>			
Ordinary share capital	9	7,460	7,413
Other equity share capital	9	262	262
Other reserves	10	42,997	41,932
Retained surplus/(deficit)		713	(141)
TOTAL EQUITY		51,432	49,466

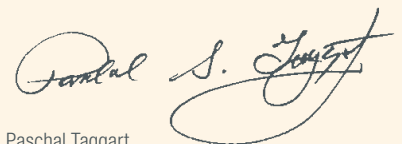
The accompanying notes form an integral part of these financial statements.

On Behalf of the Board



Aidan Brogan

23 March 2015



Paschal Taggart

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Equity share capital	Other equity share capital	Other reserves	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2013	7,222	262	40,812	(128)	48,168
Loss for the year	-	-	-	(13)	(13)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(13)	(13)
Share based schemes charge	-	-	650	-	650
Issue of ordinary shares on exercise of options	191	-	470	-	661
Balance at 31 December 2013	7,413	262	41,932	(141)	49,466
Balance at 1 January 2014	7,413	262	41,932	(141)	49,466
Profit for the year	-	-	-	2,338	2,338
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,338	2,338
Share based schemes charge	-	-	934	-	934
Issue of ordinary shares on exercise of options (Note 10)	47	-	131	-	178
Dividends paid (Note 11)	-	-	-	(1,484)	(1,484)
Balance at 31 December 2014	7,460	262	42,997	713	51,432

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

On Behalf of the Board



Aidan Brogan

23 March 2015



Paschal Taggart

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 US\$'000	2013 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	22	2,406	(1,721)
Adjustment for:			
Dividends received		(2,500)	-
Cash used in operations		(94)	(1,721)
Dividends received		2,500	-
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		2,406	(1,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		178	661
Dividends paid to shareholders		(1,484)	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(1,306)	661
Net increase/(decrease) in cash and cash equivalents		1,100	(1,060)
Foreign exchange loss on cash and cash equivalents		(149)	-
Cash and cash equivalents at beginning of year		69	1,129
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	1,020	69

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

On Behalf of the Board


Aidan Brogan

23 March 2015


Paschal Taggart

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

The principal activity of the Group is the development and sale of digital commerce 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 23 March 2015.

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 2013 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 reasonable possible changes in trading performance and the Group's management of its principal risks and uncertainties, 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 (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.3. REVENUE RECOGNITION

The Group's revenue consists primarily of revenues from the use of software products by the Group's customers 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) Platform Revenue

Platform revenue was previously reported as transaction revenue. The Group has decided to update the definition of this revenue stream in order to reflect the nature of some of its new commercial arrangements. (This change has also been applied to the amounts reported for the year ended 31 December 2013, which are presented for comparative purposes. This change does not represent a change in accounting policy and has no impact on the Group's reported revenue for the year ended 31 December 2013 including the analysis of revenue by category in Note 15.)

Platform revenue is earned from the use of the Group's commerce platform by our customers.

Revenue is earned by charging a fixed or a variable fee as stated within the relevant contractual arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The use of the platform by our customers can include i) air fare bookings, ii) non-air ancillary bookings such as car, hotel and insurance, iii) air ancillary items such as seat fees or bag fees and iv) hosting fees when the customer's software solution is hosted in-house. Contracts for the use of the platform are typically five years in duration.

Platform revenues which are based on variable fees are recognised during the month the bookings take place. Customer contracts may provide for a minimum level of transaction fees, which may be in excess of actual bookings processed. In this case, revenue is recognised based on the contractual minimum level of bookings applicable for the period under the relevant contractual terms, on a straight line basis.

Platform revenues which are based on fixed fees are recognised based on the agreed fee for the applicable period per the relevant contractual terms in place.

Contracts may also include the right to begin charging transaction fees in advance of go-live once the solution is production ready, at which point, revenue recognition commences.

Contracts may also include provision for a termination fee payable by the customer in the event that the contract is terminated by the customer for reasons of convenience. In situations where a customer terminates a contract before the end of the agreed term, the fair value of any remaining minimum payments, contractually due, is recognised at date of termination.

(ii) Professional Services

Professional services revenue is earned from fees charged to deploy the Group's platform at new customers, and to deliver new functionality to existing 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 professional services revenue is recognised by reference to the stage of completion 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 and is recognised on a time and material basis.

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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 to five 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 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 balance sheet 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 balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income 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 income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses and credits 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 balance sheet 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

2.10. ACCRUED INCOME

Accrued income are amounts due from customers for services performed, generally recognised under the stage of completion method as noted in 2.3, or transactions processed in the Group's software which have not yet been invoiced under existing agreements.

Accrued income is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision for impairment is determined, when applicable, when there is objective evidence that the Group will not be able to collect all amounts.

2.11. EMPLOYEE BENEFITS

(a) Pension obligations

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

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

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

(b) Share-based payment transactions

The Group and Company operate equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the share options 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 options granted, excluding the impact of any non-market vesting conditions (for example, profitability). Non-market vesting conditions including Adjusted EBITDA and cash performance are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet 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

In 2012, 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 balance sheet 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.

2.12. 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) Transaction 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 balance sheet presented, are translated at the closing exchange rate at the date of that balance sheet;
- (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 expenses 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.

2.13. 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 and software acquired under finance leases is included in property, plant and equipment and intangible assets respectively and depreciated over the shorter of the lease term and the estimated useful life of the asset when there is an intention to purchase the asset upon termination of the lease. 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.

2.14. CASH AND CASH EQUIVALENTS

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

2.15. 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.

2.16. TREASURY SHARES

Where the Group 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 21).

2.17. INVESTMENT IN SUBSIDIARIES

Investments in equity shares in subsidiaries included in the Company Balance Sheet are stated at cost less provision for impairment. Such investments are tested for impairment at each balance sheet date 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.

2.18. TRADE PAYABLES

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

2.19. DEFERRED REVENUE

Deferred revenue consists of payments received from customers in respect of future platform and professional services revenue under the applicable contractual arrangements. Deferred revenue is initially measured at fair value and is released to the income statement at the time the related revenue is earned under the applicable revenue recognition policy as noted in 2.3.

2.20. FINANCE INCOME AND EXPENSES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21. 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.

2.22. PROVISIONS

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

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

2.23. 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.

2.24. DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.25. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedges of a particular risk associated with a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the hedge, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Any movement arising from the re-measurement of the fair value of financial derivatives not designated or qualifying as hedges are reported in the income statement within "Other (losses)/gains".

The effective portion of changes in fair value of derivatives that are designated as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "Other (losses)/gains". Amounts accumulated in equity are reclassified to the income statement in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within "Other (losses)/gains".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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. Judgement is necessary to determine commercial and technical feasibility. These calculations also require the use of estimates, primarily around the level of directly attributable management and supervisory time, bug fixing (i.e. re-basing and republishing) and an appropriate portion of relevant overheads. Capitalisation ceases and amortisation commences once a product is available for deployment.

(b) 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 one year in the year ended 31 December 2014, then the Group's amortisation charge would have reduced by US\$0.6m (2013: US\$0.7m). If the useful lives had decreased by an average of 1 year in the year ended 31 December 2014, then the Group's amortisation charge would have increased by US\$0.9m (2013: US\$1m).

(c) Recognition of professional services revenue

For fixed fee service revenue arrangements, judgement is required in determining the stage of completion for large contracts with long deployment periods that can be complex. 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.

(d) Recognition of deferred income tax assets

The recognition of deferred income tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences, tax losses carried forward and R&D tax credits can be utilised. 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\$1.4m as at 31 December 2014 (2013: US\$1.1m) (see Note 20).

Recognition 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & Fittings US\$'000	Computer Equipment US\$'000	Total US\$'000
At 1 January 2013			
Cost	366	3,728	4,094
Accumulated depreciation	(178)	(2,242)	(2,420)
Closing Net Book Amount	188	1,486	1,674
Year ended 31 December 2013			
Opening net book amount	188	1,486	1,674
Costs			
Additions	22	641	663
Disposals	-	(2)	(2)
Depreciation			
Depreciation charge	(50)	(884)	(934)
Disposals	-	2	2
Closing Net Book Amount	160	1,243	1,403
At 31 December 2013			
Cost	388	4,367	4,755
Accumulated depreciation	(228)	(3,124)	(3,352)
Closing Net Book Amount	160	1,243	1,403
Year ended 31 December 2014			
Opening net book amount	160	1,243	1,403
Costs			
Additions	67	1,380	1,447
Depreciation			
Depreciation charge	(58)	(1,086)	(1,144)
Closing Net Book Amount	169	1,537	1,706
At 31 December 2014			
Cost	455	5,747	6,202
Accumulated depreciation	(286)	(4,210)	(4,496)
Closing Net Book Amount	169	1,537	1,706

Depreciation of US\$920,934 (2013: US\$768,167) has been charged in cost of sales, US\$108,746 (2013: US\$68,089) in selling and marketing expenses and US\$114,377 (2013: US\$98,106) 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:

	2014 US\$'000	2013 US\$'000
Cost	3,235	2,403
Accumulated depreciation	(2,148)	(1,443)
Net Book Value	1,087	960
Depreciation charge for the financial year	805	686

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

5. INTANGIBLE ASSETS

	Software	Product development	Total
	US\$'000	US\$'000	US\$'000
At 1 January 2013			
Cost	1,209	37,664	38,873
Accumulated amortisation	(757)	(24,295)	(25,052)
Closing Net Book Amount	452	13,369	13,821
Year ended 31 December 2013			
Opening net book amount	452	13,369	13,821
Additions	10	3,192	3,202
Government grant assistance	-	(161)	(161)
Amortisation charge	(160)	(4,260)	(4,420)
Closing Net Book Amount	302	12,140	12,442
At 31 December 2013			
Cost	1,219	40,695	41,914
Accumulated amortisation	(917)	(28,555)	(29,472)
Closing Net Book Amount	302	12,140	12,442
Year ended 31 December 2014			
Opening net book amount	302	12,140	12,442
Additions	781	5,056	5,837
Government grant assistance	-	(309)	(309)
Amortisation charge	(279)	(3,737)	(4,016)
Closing Net Book Amount	804	13,150	13,954
At 31 December 2014			
Cost	2,000	45,442	47,442
Accumulated amortisation	(1,196)	(32,292)	(33,488)
Closing Net Book Amount	804	13,150	13,954

Amortisation of US\$4.0m (2013: US\$4.4m) is included in cost of sales in the income statement. The weighted average remaining amortisation period of the product development is 47 months (2013: 44 months). In the year research and development expenditure of US\$2.1m (2013: US\$2.2m) was recognised as an expense in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

5. INTANGIBLE ASSETS (CONTINUED)

As at 31 December 2014, there were product development assets of US\$4.1m (2013: \$3.7m) which are currently under development and are not yet ready for use. The amortisation of these assets had not started as at 31 December 2014.

Management has identified two individual cash generating units (CGUs), E-business and TPF Consulting. The groupings represent the lowest level at which the related assets are monitored for internal management purposes. As the 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 2014.

Given there were product development costs for which amortisation had not yet started at 31 December 2014, an impairment test was carried out at 31 December 2014 and at 31 December 2013 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 2015 to 2017, together with management forecasts for 2018 and 2019. A five year period is used as this corresponds to the standard customer contract duration. Projected revenue growth in this five year period is delivered by projected growth in online penetration in developing markets such as Asia in respect of contracts currently in place, customer go lives during 2015 and new customers contracted in 2014 that will go live during 2015. The estimated net future cash flows do not include any revenue projections from currently un-contracted new business that may be secured in 2015 or future years. No terminal value has been allocated.

The key assumptions used for value-in use calculations were cash gross margin for its platform revenue of 36% (2013: 33%), average growth rate of 8% (2013: 6%) and a discount rate of 10% (2013: 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.

A reasonable possible change in assumptions would not cause an impairment.

6. INVESTMENT IN SUBSIDIARIES

Company only	2014	2013
	US\$'000	US\$'000
Investment in subsidiaries	46,901	45,967

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	1 Concourse Parkway, Suite 650, Atlanta, GA 30328, USA
Datalex Netherlands B.V	100%	TPF consulting	Parlevinker 21, 1186 ZA Amstelveen, The Netherlands
Datalex Solutions (UK) Limited (formerly 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	1 Concourse Parkway, Suite 650, Atlanta, GA 30328, USA
Datalex Employee Benefit Trust	100%	Share Trust (JSOP)	12 Castle Street, St Helier, Jersey JE2 BR2, UK
Datalex Holdings Limited	100%	Holding company	Block U, East Point Business Park, Clontarf, Dublin 3, Ireland
Datalex (China) Limited	100%	Development and sale of computer software	1701 Hyundai Motor Tower, 38 Xiaoyun Road, Chaoyang District, Beijing 100027, P.R. China

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

7. TRADE AND OTHER RECEIVABLES

	Group 2014 US\$'000	Group 2013 US\$'000	Company 2014 US\$'000	Company 2013 US\$'000
Trade receivables	5,225	5,472	-	-
Less: provision for impairment ^(a)	(152)	(486)	-	-
Trade receivables – net	5,073	4,986	-	-
Amounts owed by Group undertakings	-	-	3,505	3,422
Research and development tax credit	696	419	-	-
Prepayments	684	790	-	-
Accrued income	4,784	4,591	-	-
Other receivables	59	40	6	8
Total	11,296	10,826	3,511	3,430

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

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

	Aging analysis of past due				Neither impaired nor past due US\$'000	Impaired US\$'000	Total US\$'000
	Less than 30 days	Between 31-60 days	Between 61-90 days	More than 90 days			
	US\$'000	US\$'000	US\$'000	US\$'000			
At 31 December 2014	675	374	54	896	3,074	152	5,225
At 31 December 2013	1,553	223	2	395	2,813	486	5,472

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

	2014 US\$'000	2013 US\$'000
At 1 January 2014	486	540
Provision for receivables impairment	173	214
Receivables written off during the year as uncollectible	(507)	(268)
At 31 December 2014	152	486

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) The majority of the Group's customers, primarily representing major corporations, operate within the airline and travel industry. As at 31 December 2014 and 2013, a significant portion of the trade receivables and accrued income of the Group related to a limited number of customers as follows;

	2014	2013
Customer A	21%	24%
Customer B	16%	25%
Customer C	6%	1%
Customer D	6%	0%
Customer E	6%	2%
Customer F	5%	4%
Customer G	5%	0%
Customer H	5%	5%

(c) 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 was deemed necessary.

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

	Group 2014 US\$'000	Group 2013 US\$'000
US dollar	8,232	7,443
Euro	1,696	2,435
Sterling	81	185
TOTAL	10,009	10,063

8. CASH AND CASH EQUIVALENTS

	Group 2014 US\$'000	Group 2013 US\$'000	Company 2014 US\$'000	Company 2013 US\$'000
Cash at bank and in hand	12,650	12,925	110	69
Short-term bank deposits	5,691	3,953	910	-
TOTAL	18,341	16,878	1,020	69

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 2014 these exposures were as follows:

Non-US\$ denominated monetary assets	Group 2014 US\$'000	Group 2013 US\$'000	Company 2014 US\$'000	Company 2013 US\$'000
Euro	12,358	4,579	1,020	69
Sterling	329	496	-	-
Chinese Renminbi	36	-	-	-
Total non-US\$	12,723	5,075	1,020	69

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

9. SHARE CAPITAL

Authorised Share Capital - Group and Company	2014	2013
	US\$'000	US\$'000
Equity Share Capital		
100,000,000 ordinary shares of US\$0.10 each	10,000	10,000
Other equity share capital		
3,000,000 'A' Convertible redeemable shares of US\$0.10 each	300	300
1,500,000 'B' Convertible redeemable shares of US\$0.10 each	150	150
30,000 deferred shares of €1.269738 each	38	38
	488	488
	10,488	10,488

Issued Share Capital – Group and Company	Ordinary shares No. of shares	Ordinary shares	Convertible redeemable shares (‘A’ and ‘B’) No. of shares	Convertible redeemable shares	Deferred shares No. of shares	Deferred shares
	'000	US\$'000	'000	US\$'000	'000	US\$'000
At 1 January 2013	72,218	7,222	2,542	254	30	8
Employee share option scheme - proceeds from share issue	1,902	191	-	-	-	-
At 31 December 2013	74,120	7,413	2,542	254	30	8
At 1 January 2014	74,120	7,413	2,542	254	30	8
Employee share option scheme - proceeds from share issue	469	47	-	-	-	-
At 31 December 2014	74,589	7,460	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 1.43m ordinary shares (2013: 1.56m). For accounting purposes these shares are treated as treasury shares.

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 the 2000 Share Option Schemes. After this date no new options were granted under these schemes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

9. SHARE CAPITAL (CONTINUED)

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 the 2000 Share Option Schemes

	2014	2013
	2000 Group share option scheme	2000 Group share option scheme
Outstanding at beginning of year	2,748,834	4,729,335
Granted during the year	-	-
Exercised during the year	(468,800)	(1,901,899)
Expired during the year *	-	(78,602)
Outstanding at end of year	2,280,034	2,748,834

* 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:

	2014	2014	2013	2013
	No. of shares subject to conversion price and option	Weighted average exercise price (US\$)	No. of shares subject to conversion price and option	Weighted average exercise price (US\$)
Outstanding at beginning of year	2,748,834	0.47	4,729,335	0.42
Issued during the year	-	-	-	-
Exercised during the year ⁽¹⁾	(468,800)	0.35	(1,901,899)	0.36
Expired during the year	-	0.47	(78,602)	0.25
Outstanding at end of year	2,280,034	0.43	2,748,834	0.47
Exercisable at end of year	2,280,034	0.43	2,748,834	0.47

⁽¹⁾ The weighted average market share price at the day of exercise was US\$2.04 (2013: US\$1.26).

No options were granted during the year (2013: 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	1,270,667	65
US\$0.30 to US\$0.50	153,867	3
US\$0.51 to US\$0.70	420,000	34
US\$0.71 to US\$0.90	227,500	20
Greater than US\$0.90	208,000	29
	2,280,034	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

9. SHARE CAPITAL (CONTINUED)

EMPLOYEE SHARE OPTIONS SCHEME – 2012 SCHEME

On 6 February 2012 a new share option plan (the "2012 Group Share Option Scheme") was implemented, replacing the original "2000 Share Option Schemes" which expired on its 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. At grant date performance conditions relate to EBITDA and cash targets, as established by the Remuneration Committee and other conditions as the Remuneration Committee may consider appropriate.

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

Summary of employee share options activity (number of options)	2014	2013
	2012 Group share option scheme	2012 Group share option scheme
Outstanding at beginning of year	2,922,000	1,572,000
Granted during the year	340,000	1,395,000
Exercised during the year	-	-
Expired during the year *	(30,000)	(45,000)
Outstanding at end of year	3,232,000	2,922,000

*Expired on departure from the Group.

	2014	2014	2013	2013
	No. of shares subject to conversion price and option	Weighted average exercise price (US\$)	No. of shares subject to conversion price and option	Weighted average exercise price (US\$)
Outstanding at beginning of year	2,922,000	0.85	1,572,000	0.63
Issued during the year	340,000	1.79	1,395,000	1.15
Exercised during the year	-	-	-	-
Expired during the year	(30,000)	0.84	(45,000)	0.74
Outstanding at end of year	3,232,000	0.87	2,922,000	0.85
Exercisable at end of year	-	-	-	-

The fair value of the options granted during the year determined using the Black Scholes model was US\$358,000 (2013: US\$874,000). The weighted average fair value per option was US\$1.05 (2013: US\$0.64). The significant inputs into the model were share prices of €1.19, €1.32, €1.52 and €1.65 (2013: €0.77, €0.80, €0.84, €0.85 and €0.96) 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 1% (2013: Nil), risk-free interest rates of 2.5% (2013: 2.5%), expected option life of 4 years (2013: 4 years) and the standard deviations of expected share price returns of 80% (2013: 80%). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis in the last year and an analysis of the market volatility for companies of similar profile, and professional advice received.

Although the specific 2013 performance conditions in relation to EBITDA and cash had been missed by a narrow margin, the Remuneration Committee and the Board decided that, in light of the comprehensive progress made in 2013 and given that the 2012 Share Option plan is the only equity incentive scheme in operation for the vast majority of employees in the company, the Board would seek shareholder approval at its 2014 Annual General Meeting to change the performance conditions for these awards in order to allow vesting of the portion of share options subject to 2013 performance.

As the 2013 performance conditions were not met at 31 December 2013, in accordance with IFRS 2, the estimated number of options subject to the 2013 performance conditions that were expected to vest at that date was nil, giving rise to a credit of US\$150,000 in the year ended 31 December 2014. On approval at the Annual General Meeting in May 2014, this charge of US\$150,000 was recorded as share based payment expense in the 2014 financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

9. SHARE CAPITAL (CONTINUED)

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	500,000	85
US\$0.51 to US\$0.70	747,000	87
US\$0.71 to US\$0.90	130,000	90
Over US\$0.90	1,855,000	101
	3,232,000	

The 2014 charge in relation to share options was US\$745,000 (2013: US\$259,000), which is after the charge of US\$150,000 corresponding to the share options which were subject to the 2013 performance conditions and that was recognised in 2014 on approval at the Annual General Meeting as noted above.

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 2013 and 31 December 2014. 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 2013 and 2014.

Joint Share Ownership Plan	2014		2013	
	No. of shares subject to conversion price and option	Weighted average exercise price (US\$)	No. of shares subject to conversion price and option	Weighted average exercise price (US\$)
Outstanding at beginning of year	1,560,000	0.50	1,560,000	0.47
Issued during the year	-	-	-	-
Exercised during the year ⁽¹⁾	(130,000)	0.47	-	-
Forfeited during the year	(130,000)	0.47	-	-
Outstanding at end of year	1,300,000	0.42	1,560,000	0.50
Exercisable at end of year	1,300,000	0.42	780,000	0.50

⁽¹⁾ The weighted average market share price at the day of exercise was US\$2.08 (2013: US\$Nil).

The 2014 charge in relation to the JSOP scheme was US\$189,376 (2013: US\$391,000).

No awards were made in 2014 or 2013.

As noted in the Remuneration Committee Report, except for the awards which have forfeited during the year, the remaining awards subject to 2014 performance conditions vested, as the related performance and service conditions were achieved.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

10. OTHER RESERVES

Group	Share premium	Other capital reserves	Treasury shares reserves	Share based payment reserves	Other reserves	Foreign currency translation	Hedging reserves	Total
	US\$'000	US\$'000 ⁽¹⁾	US\$'000 ⁽²⁾	US\$'000 ⁽³⁾	US\$'000 ⁽⁴⁾	US\$'000 ⁽⁵⁾	US\$'000 ⁽⁶⁾	US\$'000
Balance at 1 January 2013	143	134	(723)	740	1,017	313	-	1,624
Share option charge	-	-	-	650	-	-	-	650
Premium on shares issued	470	-	-	-	-	-	-	470
Currency translation differences	-	-	-	-	-	19	-	19
Balance at 31 December 2013	613	134	(723)	1,390	1,017	332	-	2,763
Balance at 1 January 2014	613	134	(723)	1,390	1,017	332	-	2,763
Share option charge	-	-	-	934	-	-	-	934
Premium on shares issued	131	-	-	-	-	-	-	131
Decrease in treasury shares due to exercise of JSOP awards	-	-	60	-	-	-	-	60
Currency translation differences	-	-	-	-	-	(39)	-	(39)
Net fair value losses on cash flow hedges	-	-	-	-	-	-	(728)	(728)
Balance at 31 December 2014	744	134	(663)	2,324	1,017	293	(728)	3,121

⁽¹⁾ Other capital reserves in the consolidated balance sheet consisted of a capital reserve of US\$108.2m, 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\$2.9m. The merger reserve of US\$2.9m 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 the 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.

⁽²⁾ Treasury shares reserves include a debit in respect of 1.43m shares (2013: 1.56m) 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. The reduction in the current year relates to the exercise of JSOP awards (see Note 9).

⁽³⁾ Share based payment 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 (see Note 9).

⁽⁴⁾ Other reserves relate to the proceeds from the exercise of collateral on 1.85m Datalex plc shares. In 2002, three former Datalex executives in the US established a new business called Conducive Technology Corp ("CTC"). Datalex provided this Company with an US\$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 pages 35 and 36). 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.

⁽⁵⁾ 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.

⁽⁶⁾ Hedging reserves represents the fair value of the cash flow hedges as at 31 December 2014 (2013: US\$Nil) (see Note 14).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

10. OTHER RESERVES (CONTINUED)

Company	Share premium	Other reserves ⁽¹⁾	Total
	US\$'000	US\$'000	US\$'000
Balance at 1 January 2013	40,072	740	40,812
Share option charge	-	650	650
Premium on shares issued	470	-	470
Balance at 31 December 2013	40,542	1,390	41,932
Balance at 1 January 2014	40,542	1,390	41,932
Share option charge	-	934	934
Premium on shares issued	131	-	131
Balance at 31 December 2014	40,673	2,324	42,997

⁽¹⁾ Other reserves relate to share based payments as set out in Note 9.

11. DIVIDENDS PAID

	2014	2013
	US\$'000	US\$'000
Amounts recognised as distributions to equity holders in the year:		
Equity dividends on ordinary shares:		
Final dividend of two US cents per share for the year	1,484	-
Total	1,484	-

The Board of Directors of the Company has proposed a final dividend of three US cents per share (2013: two US cents per share) be paid to the shareholders in respect of the full year 2014 (see Note 28).

12. TRADE AND OTHER PAYABLES

	Group	Group	Company	Company
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	2,483	2,966	-	-
Accruals	2,428	1,689	-	-
Deferred income	2,604	1,523	-	-
Pension contribution	98	116	-	-
Social security and other taxes	1,002	1,188	-	-
VAT payable	112	271	-	-
Total	8,727	7,753	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

12. TRADE AND OTHER PAYABLES (CONTINUED)

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

	Group 2014 US\$'000	Group 2013 US\$'000
US dollar	1,866	2,126
Euro	431	650
Sterling	182	177
Other	4	13
Total	2,483	2,966

13. BORROWINGS

Financial lease liabilities	Group 2014 US\$'000	Group 2013 US\$'000
Non-current	731	336
Current	913	555
Total borrowings	1,644	891

The carrying amount of the Group's borrowings are denominated in US dollar. 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	2014 US\$'000	2013 US\$'000
*No later than a year	981	601
*Later than a year and no later than 3 years	784	347
Total	1,765	948
Future finance charge on finance leases	(121)	(57)
Present value of finance lease liabilities	1,644	891

The present value of finance leases is as follows:	2014 US\$'000	2013 US\$'000
* No later than a year	913	555
* Later than a year and no later than 3 years	731	336
Total	1,644	891

The fair value of the finance leases liabilities has been determined using discounted cash flow analysis, where the inputs required are observable and do not require significant estimation (Level 2 fair value in the fair value hierarchy).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

14. FINANCIAL INSTRUMENTS

Financial instrument liabilities (cash flow hedges)	Group	Group
	2014	2013
	US\$'000	US\$'000
Fair value losses on cash flow hedges in the year	895	-
Transfer to other losses	(167)	-
Closing fair value amount	728	-

Financial instruments liabilities which consist of forward contracts have been measured based on an external valuation which used inputs, other than quoted prices, that are observable directly or indirectly (Level 2 fair value in the fair value hierarchy). There are no other financial instruments measured at fair value as at 31 December 2014 (2013: US\$Nil).

The fair value of these financial instruments at year ended 31 December 2014 has been included in other comprehensive income and expense as it relates to highly effective forward contracts which have been designated, and qualify, as cash flow hedges. These forward contracts hedge the foreign exchange risk arising from the euro exposure to the euro volatility in the normal course of business. The hedged cash flows are expected to occur within the 12 months to 31 December 2015. The charge of US\$167,206 for the loss on cash flow hedges realised during the year has been included in "Other (losses)/gains" (2013: US\$Nil) (see Note 17).

15. 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 Adjusted 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 the Group's suite of travel related technology and TPF consulting revenue. Segment profit is measured on Adjusted EBITDA which is defined as earnings before interest, tax, depreciation, amortisation and share options and interests granted to directors and employees.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

15. SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the executive management team for the reportable segments for the year ended 31 December 2014 is as follows:

	2014		2014	2013		2013
	E-Business	TPF Consulting	Total	E-Business	TPF Consulting	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	38,485	3,757	42,242	35,350	3,517	38,867
Inter-segment revenue	-	(867)	(867)	-	(793)	(793)
External revenue	38,485	2,890	41,375	35,350	2,724	38,074
Adjusted EBITDA	8,142	315	8,457	7,201	321	7,522
Share options and ownership interests granted to directors and employees	(934)	-	(934)	(650)	-	(650)
EBITDA	7,208	315	7,523	6,551	321	6,872
Depreciation	1,126	18	1,144	915	19	934
Amortisation	4,016	-	4,016	4,420	-	4,420
Operating profit	2,066	297	2,363	1,216	302	1,518
Finance costs			(72)			(74)
Finance income			137			85
Profit before income tax			2,428			1,529
Income tax credit			274			71
Profit after taxation			2,702			1,600

A reconciliation of Adjusted EBITDA to profit before income tax is provided as follows:

	2014	2013
	US\$'000	US\$'000
Adjusted EBITDA	8,457	7,522
Depreciation	(1,144)	(934)
Amortisation - product development	(3,737)	(4,260)
Amortisation - software	(279)	(160)
Finance income	137	85
Finance costs	(72)	(74)
Share option charge	(934)	(650)
Profit before income tax	2,428	1,529

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

15. SEGMENTAL INFORMATION (CONTINUED)

SEGMENT ASSETS AND LIABILITIES

The amounts provided to the 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:

	2014		2014	2013		2013
	E-Business	TPF Consulting	Total	E-Business	TPF Consulting	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Reportable segment assets:						
Intangible assets						
- Product development	13,150	-	13,150	12,140	-	12,140
- Software	804	-	804	302	-	302
Other assets	31,747	982	32,729	29,079	1,094	30,173
Total reportable segment assets	45,701	982	46,683	41,521	1,094	42,615
Total assets			46,683			42,615

	2014		2014	2013		2013
	E-Business	TPF Consulting	Total	E-Business	TPF Consulting	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Reportable segment liabilities:						
Current	(10,035)	(333)	(10,368)	(7,904)	(404)	(8,308)
Non-current	(731)	-	(731)	(336)	-	(336)
Unallocated Liabilities						
Current income tax liabilities	(44)	-	(44)	(54)	-	(54)
Total reportable segment liabilities	(10,810)	(333)	(11,143)	(8,294)	(404)	(8,698)
Total liabilities			(11,143)			(8,698)

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

Analysis of revenue by category	2014	2013
	US\$'000	US\$'000
Platform revenue ⁽¹⁾	19,476	17,517
Professional services	18,136	15,864
Consultancy	2,664	2,724
Other revenue ⁽²⁾⁽³⁾	1,099	1,969
Total revenue	41,375	38,074

⁽¹⁾ US\$0.6m of platform revenue was recognised based on contracted minimums in excess of actual transactions as at 31 December 2014 (2013: US\$1.5m).

⁽²⁾ In 2013, other revenue of US\$2.0m includes an amount of US\$1.3m received from a customer who, following a review of its full IT architecture and investment plans, was forced to suspend a number of programmes, including the deployment of the Group's product.

⁽³⁾ In 2014, other revenue includes US\$0.8m of commissions from a contractor, calculated on professional services provided to some Datalex customers. This revenue was recognised in the month the services were provided.

The entity is domiciled in the Republic of Ireland. Revenue from external customers in the Republic of Ireland is US\$5.3m (2013: US\$3.8m) and the total of revenue from external customers from other countries is US\$36.1m (2013: US\$34.3m).

The total of property, plant and equipment and intangible assets located in the Republic of Ireland is US\$14.4m (2013: US\$11.5m), and the total of these assets located in other countries is US\$1.3m (2013: US\$0.9m).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

15. SEGMENTAL INFORMATION (CONTINUED)

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 I which relates to TPF consulting:

	2014	2013
Customer A	13%	10%
Customer B	11%	12%
Customer C	9%	1%
Customer D	9%	17%
Customer E	7%	8%
Customer F	5%	6%
Customer G	4%	4%
Customer H	4%	9%
Customer I	4%	5%

16. EXPENSES BY NATURE

	2014	2013
	US\$'000	US\$'000
Employee Benefit expense (Note 18) - net of capitalisation	19,433	18,446
Consultants and contractors	8,356	7,486
Capitalisation of consultants and contractors costs	(2,589)	(1,348)
Amortisation – product development (Note 5)	3,737	4,260
Establishment costs	1,579	1,573
Professional fees	1,219	1,249
Depreciation (Note 4)	1,144	934
Hosting	1,051	890
Travel	941	859
Software maintenance and other online charges	355	285
Auditors remuneration	222	257
Communication	312	253
Third party services	343	234
Bad debt expense (Note 7)	173	214
Amortisation - software (Note 5)	279	160
Other	1,252	1,040
Total cost of sales, selling and marketing costs and administrative expenses	37,807	36,792
Disclosed as:		
Cost of sales	31,225	31,049
Selling and marketing costs	3,473	2,734
Administrative expenses	3,109	3,009
Total cost of sales, selling and marketing costs and administrative expenses	37,807	36,792

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

16. EXPENSES BY NATURE (CONTINUED)

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

	2014	2013
	US\$'000	US\$'000
Fees payable to the Company's auditors for the audit of the parent company and Consolidated Financial Statements:	155	153
Fees payable to the Company's auditors for other services:		
* The audit of the Company's subsidiaries pursuant to legislation	12	7
* Tax services	52	77
* Other non-assurance work	3	20
Total	222	257

17. OTHER (LOSSES)/GAINS

	2014	2013
	US\$'000	US\$'000
Net foreign exchange (loss)/gain	(675)	90
Forward foreign exchange contracts (loss)/gain not classified as hedge	(363)	146
Cash flow hedges loss	(167)	-
Total	(1,205)	236

18. EMPLOYEE BENEFIT EXPENSE

	2014	2013
	US\$'000	US\$'000
Wages and salaries	18,371	17,174
Social security costs	1,889	1,799
Pension costs – defined contribution schemes	706	667
Employee benefit expense before capitalisation	20,966	19,640
Capitalised labour	(2,467)	(1,844)
	18,499	17,796
Share options and ownership interests granted to directors and employees (Note 9)	934	650
Total	19,433	18,446

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

	2014	2013
Product development and delivery	145	139
Sales and marketing	9	10
Administration	21	21
Total	175	170

The total number of persons employed by the Group (including Executive Directors) at 31 December 2014 was 179 (2013: 177).

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 administered funds. The pension charge represents contributions payable by the Group to the schemes and amounted to US\$706,368 in respect of 2014 (2013: US\$667,005), of which US\$97,617 was accrued at the year-end (2013: US\$49,329).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

19. FINANCE INCOME AND FINANCE COSTS

	2014	2013
	US\$'000	US\$'000
Interest income on bank deposits	137	85
Finance lease interest	(72)	(74)
Total	65	11

20. INCOME TAX

(A) INCOME TAX

	2014	2013
	US\$'000	US\$'000
Current tax		
Corporation tax for the year	-	-
Foreign tax for the year	46	155
Total current tax	46	155
Deferred tax		
Recognition of deferred tax asset ⁽¹⁾	(320)	(226)
Income tax credit	(274)	(71)

⁽¹⁾ Recognition of deferred tax assets comprises a net increase in the deferred tax credit in respect of previously unrecognised tax losses carried forward of US\$446,000 less an increase in the deferred tax liability generated on capitalised development expenditure in Ireland of US\$126,000.

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

	2014	2013
	US\$'000	US\$'000
Profit before income tax	2,428	1,529
Profit before income tax multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2013:12.5%)	304	191
Expenses not deductible/income not taxable	97	64
Utilisation of previously unrecognised tax losses	(90)	(50)
Difference in effective tax rates on overseas earnings	35	75
Recognition of deferred tax asset on tax losses forward	(576)	(403)
Tax losses for which no deferred tax asset was recognised	10	4
Other	(54)	48
Income tax credit	(274)	(71)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

20. INCOME TAX (CONTINUED)

(B) DEFERRED TAX

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

The net deferred income tax asset comprises 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).

	2014	2013
	US\$'000	US\$'000
Deferred tax asset on losses carried forward	3,030	2,584
Deferred tax liability on capitalised development expenditure	(1,644)	(1,518)
At 31 December 2014	1,386	1,066

US\$131,000 of the opening deferred tax asset has been used to reduce current tax payable in Ireland in respect of taxable profits of Datalex (Ireland) Limited in 2014. A further US\$710,000 of previously unrecognised losses have been used in our US subsidiary to reduce current tax payable in the US. As at 31 December 2014, the Group has recognised an additional deferred tax asset on unutilised tax losses in respect of Datalex USA Inc. of US\$933,000 and has reduced the amount of previously recognised deferred tax losses in Ireland by US\$356,000. The changes in recognition at a taxable entity level are underpinned by changes in current contractual arrangements within the Group and changes in some of our customer contracts and reflect our current and future tax planning strategy. Consequently, as at 31 December 2014 the deferred tax assets on losses carried forward recognised in respect of Ireland is US\$2,097,000 (2013: US\$2,584,000) and US\$933,000 in respect of Datalex USA Inc (2013: US\$Nil)

The deferred tax asset has been recognised considering the positive turnaround in the performance of the Group and in particular Datalex (Ireland) Limited and Datalex USA Inc and the fact that this is underpinned by contracts that went live in 2013 and 2014 and further contracts that will go live in 2015. In particular the directors consider that, having regard to taxable profits arising in each year since 2011 in Ireland and since 2013 in the US and that profits are expected to rise over the period of the existing contracts, 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\$1.4m 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\$4.2m (2013: US\$3.7m) in Ireland and the directors will continue to evaluate their expectation on realisation of the tax benefit through future taxable profits. There are also unrecognised deferred tax assets on losses forward of circa US\$67.8m (2013: US\$69.6m) in the US and unrecognised deferred tax assets on losses forward of circa US\$11.0m (2013: US\$11.1m) in the UK for which no deferred tax asset has been recognised. These carried forward tax losses and R&D tax credits have not been recognised as the directors do not consider that there is convincing evidence to meet the necessary test of recognition of a deferred tax asset.

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

	2014	2013
	US\$'000	US\$'000
Unused tax losses	27,413	28,269
R&D credits available	2,092	2,151
Temporary differences	1,365	858
Total	30,870	31,278

The unrecognised deferred income tax assets in respect of losses amounting to US\$27.4m (2013: US\$28.3m) is mainly in respect of unused tax losses of US\$69.3m (2013: US\$70.1m) in Datalex USA Inc., of circa US\$11.0m (2013: US\$11.1m) in Datalex Solutions (UK) Limited and of US\$2.8m (2013: US\$Nil) in Datalex (Ireland) Limited. The R&D credits are mainly available in Datalex (Ireland) Ireland. The movements during the period have arisen in relation to tax efficiencies that have been made at Group level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

21. EARNINGS PER SHARE

Basic	2014	2013
Profit attributable to ordinary shareholders (US\$'000)	2,702	1,600
Weighted average number of ordinary shares outstanding	72,836,728	71,339,376
Basic earnings per share (in US\$ cents)	3.71	2.24

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.

Diluted	2014	2013
Profit attributable to ordinary shareholders (US\$'000)	2,702	1,600
Weighted average number of ordinary shares outstanding	72,836,728	71,339,376
Adjustment for share options	3,846,622	3,982,188
Weighted average number of ordinary shares outstanding	76,683,350	75,321,563
Diluted earnings per share (in US\$ cents)	3.52	2.12

Diluted earnings 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. At 31 December 2014, 1,300,000 JSOP awards and 1.3m share options subject to performance conditions (31 December 2013: 780,000 JSOP awards and 2.92m share options) have not been included in the calculation of diluted EPS as the related performance conditions have not been met. 130,000 JSOP awards, which were forfeited during the year (2013: Nil) have also not been included in the basic or diluted EPS calculation. 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.

22. CASH GENERATED FROM/(USED IN) OPERATIONS

	Group 2014 US\$'000	Group 2013 US\$'000	Company 2014 US\$'000	Company 2013 US\$'000
Profit/(loss) before income tax	2,428	1,529	2,338	(13)
Adjustments for:				
Dividends received	-	-	(2,500)	-
Interest received	(137)	(85)	-	-
Interest paid	72	74	-	-
Depreciation	1,144	934	-	-
Amortisation	4,016	4,420	-	-
Employee share option charge	934	650	-	-
Loss on disposal of fixed assets	-	-	-	-
Foreign currency losses on operating activities	675	51	149	-
Changes in working capital:				
Trade and other receivables	(844)	(2,486)	(81)	(1,708)
Trade and other payables	1,298	889	-	-
Cash generated from/(used in) operations	9,586	5,976	(94)	(1,721)
Dividends received	-	-	2,500	-
Net cash inflow/(outflow) from operations	9,586	5,976	2,406	(1,721)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

23. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

(a) Key management personnel includes the two 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	2014	2013
	US\$'000	US\$'000
Salaries, directors' fees and other short-term employee benefits	2,668	2,886
Post-employment benefits	116	115
Share based payments	668	570
Total	3,452	3,571

(b) Peter Lennon, Non-Executive Director, provides legal services to the Group through, Maples and Calder. Legal services rendered by Maples and Calder for the year ended 31 December 2014 amounted to US\$12,498 (2013: US\$139,964).

Non-Executive Directors fees of US\$97,127 (2013: US\$110,328) were accrued at the year end.

COMPANY

As at 31 December 2014, the Company had a balance of US\$3,504,887 (2013: US\$3,422,000) 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.

24. CONTINGENCIES

(A) GOVERNMENT GRANTS

The contingent liability existing at 31 December 2014 relating to grants from government agencies amounted to US\$Nil (2013: US\$0.2m).

(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, that the possibility of any outflow in settlement is remote.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

25. 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\$1.0m (2013: US\$0.9m) and equipment amounting to US\$0.1m (2013: US\$0.1m) are included in the income statement.

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

	2014 US\$'000	2013 US\$'000
Within one year	923	924
Within two to five years	1,784	2,485
Over five years	1,125	1,370
Total	3,832	4,779

(B) CAPITAL COMMITMENTS

The Group had no capital commitments at 31 December 2014 (2013: US\$Nil).

26. 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 profit for the financial year is US\$2,338,000 (2013: Loss of US\$13,000). This includes dividends received from Datalex (Ireland) Limited of US\$2,500,000.

27. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

27. 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 2014 relates to euro monetary assets totalling US\$14.1m (2013: US\$7.0m), and sterling monetary assets totalling US\$0.4m (2013 US\$0.7m).

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group uses forward contracts and has facilities in place with its bank. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the US dollar. The following forward foreign exchange contracts, which have been designated as cash flow hedges under the accounting policy in Note 2.25, were outstanding at year end 31 December 2014 (2013: US\$Nil).

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
2013				
Outflow	-	-	-	-
Inflow	-	-	-	-
2014				
Outflow	12,495	-	-	-
Inflow	11,767	-	-	-

At 31 December 2014, if the euro had strengthened by 10% against the US dollar with all other variables held constant, profit after tax for the year would have been US\$1.4m higher (2013: US\$0.6m higher) mainly as a result of foreign exchange gains/(losses) on translation of euro-denominated trade receivables, trade payables and cash.

(ii) Interest rate risk

The principal aim of managing the interest rate risk is to limit the adverse impact on cash flows and shareholder value of movements in interest rates. Cash and cash equivalents at variable rates expose the Group to cash flow interest rate risk. Cash and cash equivalents at a fixed rate expose the Group to fair value interest rate risk. The Group treasury policy is designed to monitor the funding requirements of the business. Cash requirements are managed centrally and reviewed on a daily basis. Excess funds are placed on short-term (less than 3 months) deposit while ensuring that sufficient cash is available on demand to meet expected operational requirements. The interest rate on floating rate deposits of US\$5.7m at 31 December 2014 (2013: US\$3.9m) 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 2014, 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 (2013: US\$0.1m).

(iii) Price risk

The Group is not exposed to material price risk.

CREDIT RISK

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

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made and monitors the exposure to potential credit loss on a regular basis. The utilisation of credit limits is regularly monitored. During the year ended 31 December 2014, a significant portion of the Group's revenue was derived from a limited number of customers (see Note 15).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

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	2014	2013
	US\$'000	US\$'000
A	94	23
A-	1,217	2,992
AA-	4,322	-
BBB+	89	154
BBB- *	-	1,943
BB+	1,219	1,278
B	11,400	10,488
Total	18,341	16,878

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

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 Payables, Accruals and Borrowings	Less than 1 Yr	Between 1-2 Yrs	Between 2-5 Yrs	Total
	US\$'000	US\$'000	US\$'000	US\$'000
At 31 December 2014	5,892	784	-	6,676
At 31 December 2013	5,210	335	1	5,546

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 the Consolidated Statement of Changes in Equity.

CASH FLOW RISK

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

28. SUBSEQUENT EVENTS

At a meeting held on 20 March 2015, the Board of Directors of the Company have proposed a final dividend of three US cents per share (2013: two US cents per share) be paid to the shareholders in respect of the full year 2014. The total dividend to be paid is circa US\$2.2m (2013: circa US\$1.5m) (see Note 11). In accordance with the accounting policy under IFRS set out in Note 2.24, this dividend has not been included as a liability in these financial statements. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and also subject to approval and payment of dividends in Datalex (Ireland) Limited in order to create sufficient distributable reserves prior to the payment of the dividend in Datalex plc.

There have been no other subsequent events that impact on the 2014 financial statements up to the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

29. RECENT ACCOUNTING PRONOUNCEMENTS

(A) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 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 2015 and are expected to be applied by the Group as they become effective. Among those new standards and interpretations, which may be applicable to the Group are:

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The Group is assessing the impact of IFRS 15.

IFRS 9 "Financial instruments". The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 establishes three primary measurement categories for financial assets: i) amortised cost, ii) fair value through Other Comprehensive Income and iii) fair value through Profit & Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in Other Comprehensive Income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in Other Comprehensive Income, for liabilities designated at fair value, through profit or loss. IFRS 9 also modifies the requirements for hedge effectiveness. This standard is effective for annual periods beginning 1 January 2018 and earlier application is permitted subject to EU endorsement and subject to the standard specific requirements as to the manner relation application is permitted. The Group is assessing the impact of IFRS 9.

No other new statements and interpretations are expected to have a material impact on the Consolidated Financial Statements of the Group.

NOTES





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