Datalex plc

Interim Report
Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

Datalex plc

Chief Executive Officer's Review

For the six months ended 30 June 2019

Summary

The first half of 2019 was a period of transition for Datalex, with significant challenges experienced as a result of a high cost base and the accounting irregularities and internal control breakdown discovered by the Group at the start of the year. The accounting irregularities and internal control breakdown, as well as the Group's responses to them in 2019, are more fully outlined in the Datalex plc Annual Report 2018.

The period saw significant changes in the Group's leadership team, a restructuring programme that impacted a substantial number of Group and outsourced partner staff, and the start of the transition to a new operating model under a new leadership team. In order to guarantee short-term liquidity, the Group received the support of the Company's largest shareholder, Mr. Dermot Desmond, who procured funding of €10m by way of an additional equity injection and a secured loan facility.

During the period, the Group has sought to address issues associated with a number of its major customer deployments, and some positive progress was made. However, on 4 September 2019, the Group received a termination notice from Lufthansa AG ("Lufthansa"). The Group strongly disputes the legality of this notice and has commenced proceedings against Lufthansa in Landgericht Frankfurt (Regional Court of Frankfurt) in order to achieve resolution of the matter.

Key financial results

For the six months ended	**30 June 2019**			**30 June 2018**	
	Before IFRS 16 adjustments US$'M	**IFRS 16 adjustments US$'M**	**As reported US$'M**	**As reported US$'M**	***Period on period change [1] %***
Platform revenue [2]	***13.6***	***-***	***13.6***	*11.8*	*+15%*
Services revenue	***8.0***	***-***	***8.0***	*11.8*	*-32%*
Consultancy revenue	***0.9***	***-***	***0.9***	*1.0*	*-14%*
Other revenue	***0.1***	***-***	***0.1***	*0.1*	*-5%*
Total revenue	**22.6**	**-**	**22.6**	24.7	*-9%*
Operating costs [3]	**26.8**	**(0.1)**	**26.7**	28.5	*-6%*
Exceptional costs (before tax)	**2.4**	**-**	**2.4**	26.8	
Adjusted EBITDA [4]	**(3.4)**	**0.6**	**(2.8)**	(0.1)	
Loss before tax and exceptional items	**(4.2)**	**(0.1)**	**(4.3)**	(3.7)	
Loss for the period	**(6.8)**	**(0.1)**	**(6.9)**	(33.1)	
Cash and cash equivalents [5]	**3.7**	**-**	**3.7**	11.9	
Debt (leases and secured related party loan)	**(4.0)**	**(6.1)**	**(10.1)**	(0.6)	
Net (debt)/ cash [5] [6]	**(0.3)**	**(6.1)**	**(6.4)**	11.4	
Cash used in operations	**(11.8)**	**0.7**	**(11.1)**	(3.9)	
Intangible assets	**0.1**	**-**	**0.1**	3.4	
Net working capital [7]	**(9.9)**	**(0.4)**	**(10.2)**	(2.2)	
EPS – basic (US cent)	**(8.47)**	**(0.13)**	**(8.60)**	(43.26)	
EPS – diluted (US cent)	**(8.47)**	**(0.13)**	**(8.60)**	(43.26)	

(1) "Period on period change" represents the change in pre-IFRS 16 adjusted numbers for H1 2019 versus the numbers reported for H1 2018 (prepared on a pre-IFRS 16 basis). H1 2018 financial numbers are based on the re-issued and restated Interim Report for that period.
(2) Platform revenue is earned from the use of the Group's Digital Commerce Platform by our customers.
(3) Operating costs include cost of sales, selling and marketing costs, administrative expenses and other gains/ (losses) (see Notes 5 and 8). They are stated before separately disclosed exceptional items (see Note 7).
(4) Adjusted EBITDA is defined as earnings from continuing operations before (i) interest income and interest expense, (ii) tax expense, (iii) depreciation and amortisation expense, (iv) share-based payments cost and (v) exceptional items (see Notes 4 and 7). Adjusted EBITDA is our primary Alternative Performance Measure and we believe its disclosure, as a measure used by management, is also useful to shareholders in assessing the financial performance of the Group. Unlike other businesses, it is not a proxy for operating cash flow as our cash flows vary by customer contract.
(5) Cash and cash equivalents and net (debt)/ cash exclude restricted cash balances of US$0.5m.
(6) Net (debt)/ cash is defined as cash and cash equivalents less borrowings (secured related party loan and lease liabilities).
(7) Net working capital is calculated as current assets less current liabilities.

Basis of preparation
The Group adopted IFRS 16, *Leases,* from 1 January 2019. This standard replaces IAS 17, *Leases*, and requires most leases that were previously classified as operating leases to be capitalised as right of use assets and depreciated, with a corresponding lease liability being recognised. The modified retrospective approach to implementation has been applied, and comparative information for the six months ended 30 June 2018 and the year ended 31 December 2018 has not been restated and continues to be reported under IAS 17. Further information on the implementation of IFRS 16 has been included in Note 3 to the condensed consolidated interim financial statements.

Comparative numbers for the six months ended 30 June 2018 are based on the re-issued and restated Interim Report for that reporting period published by the Group on 4 December 2019.

Performance
Total revenue for the six months ended 30 June 2019 (the "period" or "H1 2019") fell by 9% to US$22.6m versus the corresponding period of 2018 (H1 2018: US$24.7m). Platform revenue increased by US$1.8m or 15% to US$13.6m (H1 2018: US$11.8m), driven by a once-off sale of specific code unique to a customer which had been deferred from 2018. Services revenue of US$8.0m was US$3.8m or 32% lower than in H1 2018, reflecting lower levels of revenue-earning services delivery to customers in the period.

Total operating costs before exceptional items in the six months to 30 June 2019 decreased by 6% or US$1.8m to US$26.7m (H1 2018: US$28.5m). The implementation of IFRS 16 in the period reduced operating costs by US$0.1m due primarily to right of use asset depreciation charges being lower than the rent expense that would have been charged under IAS 17.

There has been no capitalisation of software development cost in the six months ended 30 June 2019 (H1 2018: US$6.6m before exceptional write-off). As outlined in Note 14 to the financial statements, the treatment of platform development costs is being kept under review. As a result of the impairment of our software platform intangible asset at 30 June 2018 and 31 December 2018, there was no amortisation of development costs in the six months ended 30 June 2019 (H1 2018: US$3.1m). When the impact of the non-capitalisation and non-amortisation of development costs in 2019 is adjusted for (US$3.5m), underlying operating costs before IFRS 16 implementation decreased in the period by US$5.2m or 16%.

The underlying operating cost decrease was driven by lower staff costs (down US$2.3m or 16%) and lower contractor and outsource partner costs (down US$2.5m or 23%). These cost reductions resulted from the cost restructuring programme (as described further below), higher levels of staff attrition in the period and from a higher level of deferral of contract fulfilment costs in H1 2019 compared to H1 2018. The net deferral of contract fulfilment costs in H1 2019 amounted to US$2.1m and was US$1.1m higher than in H1 2018 due to increased activity levels on specific customer deployments in the period. The cost restructuring programme and lower general business activity also resulted in a reduction in non-pay operating costs (excluding professional fees) of US$1.0m, primarily in relation to staff travel, advertising and marketing costs and general overhead spend. Trade receivable and contract asset impairment charges were US$0.1m lower in H1 2019. Offsetting these positive cost impacts, professional fees increased by US$0.4m in H1 2019 versus H1 2018. This professional fee cost increase (before exceptional items) was largely driven by additional external professional resources to support the Group (and especially the finance function) following the detection of accounting irregularities and material internal control failures in January 2019. Contract acquisition costs amortisation of US$0.4m was US$0.3m higher than in H1 2018 reflecting accelerated cost amortisation for a number of customer contracts in the period.

Over recent years, Datalex had significantly increased its cost base due to the rapid growth in the business and the significant investment in its digital commerce platform, especially in the context of the major customer deployment for Lufthansa. The Group's cost base at the start of 2019 was neither efficient nor sustainable when compared to the level of revenue and cash flow being generated from customers. To address this, the Group undertook a cost restructuring programme which has impacted employees and outsourced contractors. Our outsource model and the need to improve flexibility for better customer delivery is under scrutiny and is being dealt with fully as part of a wider Transformational Change Programme, termed "RESET". The initial cost restructuring programme was implemented in the first quarter of 2019 and resulted in reductions in both the Group's work force and in the number of outsource partner staff employed on the Group's development projects. A number of leadership changes were made in the Group following the departure of Aidan Brogan as CEO and the appointment of Sean Corkery as Interim CEO in May. The total cost of the restructuring programme in the six months ended 30 June 2019 was US$2.0m and this cost has been treated as a separately disclosed exceptional item (see Note 7 to the condensed consolidated interim financial statements). It is expected that the programme will deliver cost savings of circa US$9m in 2019. The Group expects to incur once-off programme implementation costs in the 2019 financial year of circa US$2m. From 2020, the Group expects to generate annualised cost savings of circa US$13m.

As a result of the discovery of a serious breakdown in our internal financial controls in early 2019, PwC, in conjunction with McCann FitzGerald, the Group's legal advisors, was engaged to perform an independent review which confirmed that accounting irregularities and material internal control failures had in fact occurred during 2018. The costs of this review were accrued in 2018. The results of the review and the associated corporate actions that were required by the Group resulted in additional professional advisory fees which amounted to US$0.5m in H1 2019 and have also been treated as a separately disclosed exceptional item (see Note 7 to the condensed consolidated interim financial statements). Included in these costs are fees for a third party finance function effectiveness review which is providing a roadmap for the remediation of that function. Further costs have been incurred in the second half of 2019 to deal with the regulatory and other consequences arising from the accounting irregularities and material internal control failures discovered.

The Adjusted EBITDA loss of US$2.8m in H1 2019 was US$2.7m higher than that recorded in the comparative period of 2018 (H1 2018: loss of US$0.1m), primarily reflecting the reduction in services revenue in the period. Operating loss before exceptional items totalled US$3.9m in H1 2019 and was US$0.3m higher than H1 2018 due to lower customer revenue of US$2.1m net of lower operating costs of US$1.8m. The loss after tax recorded for the period was US$6.9m and is stated after exceptional costs of US$2.4m (H1 2018: loss of US$33.1m stated after exceptional costs of US$29.2m). A reconciliation of Adjusted EBITDA to the loss before income tax is provided in Note 4 to the condensed consolidated interim financial statements.

The implementation of IFRS 16 on 1 January 2019 resulted in an increase of US$0.1m in the after tax loss recorded for the six months ended 30 June 2019, primarily due to interest charges on the outstanding lease liabilities now being recorded under the new standard. IFRS 16, however, had a positive impact of US$0.6m on the Adjusted EBITDA loss for the period as lease costs recorded in the income statement are now primarily depreciation and interest charges rather than the rental charges that would have been recognised under IAS 17. The Adjusted EBITDA loss for H1 2019 before the implementation of IFRS 16 is US$3.4m, an increase of US$3.3m on the loss recorded in H1 2018. As noted above, prior period reported amounts have not been restated for the implementation of IFRS 16.

Financial position at 30 June 2019
Cash balances (excluding restricted cash) at 30 June 2019 amounted to US$3.7m and decreased by US$4.7m in the six months since 31 December 2018. This reflected ongoing working capital investment in customer deployments, the timing of cash receipts from a number of major customers and some large professional fee payments associated with the 2018 accounting irregularities. Cash proceeds of US$4.4m (before associated costs) were received from a €3.9m share placing with IIU Nominees Limited ("IIU"), a related party, in March 2019. A further cash infusion of US$3.3m (€3.0m) was received in June 2019 from the first drawdown of the €6.1m secured loan facility provided by Tireragh Limited, also a related party. The remaining €3.1m balance of the secured loan facility was utilised in September 2019.

Cash used in operations during the six months to 30 June 2019 was US$11.1m (H1 2018: cash used of US$3.9m). The significant cash outflow in the period (and the increase on H1 2018) was primarily due to the substantial expenditure on ongoing customer deployments not being funded by advance payments from customers (as was the case in 2018) and the timing of customer cash collections. Total cash received from customers was approximately US$12m lower in H1 2019 than in the corresponding period of 2018. The implementation of IFRS 16 in the period resulted in US$0.7m of operating lease payments being recorded as financing rather than operating cash outflows.

The implementation of IFRS 16 on 1 January 2019 has also resulted in the capitalisation of the Group's property leases as right of use assets and the recording of a lease liability on the statement of financial position for the future payments due on those leases. At 30 June 2019, a total liability of US$6.1m has been recorded in respect of leases that would previously been classified as operating leases. This has significantly impacted the Group's net debt position which, at 30 June 2019, was US$0.3m before the implementation of IFRS 16 and US$6.4m after implementation.

Further financing requirements
The Group continues to face significant financial challenges and the Board is keeping the Group's funding under close review.

Over the course of 2019, the Company:
- on 14 March 2019, completed a share placing (the "Placing") with IIU Nominees Limited ("IIU") (a company ultimately owned and controlled by Mr. Dermot Desmond and our largest shareholder), which raised proceeds of €3.859m at €1.00 per ordinary share (representing a premium of 42.9% to €0.70, the closing market price per Datalex plc ordinary share on Euronext Dublin on 11 March 2019, the day before the Company announced that it was in discussions with IIU in relation to the placing);
- on 14 March 2019, entered into a secured loan facility with Tireragh Limited ("Tireragh") (a company also ultimately owned and controlled by Mr. Desmond) which provided for a maximum drawdown aggregate amount of €6.141m, and which was fully drawn by 30 September 2019 (the "Facility"); and
- on 30 October 2019, entered into a re-financing facility agreement (the "Re-financing Facility Agreement") with Tireragh under which a further €5m has been made available to the Company by Tireragh (the "Increased Facility") and the amounts drawn down under the Facility have been re-financed and interest payable on those amounts capitalised.

The Increased Facility will mature on 1 November 2020. Interest is charged on each amount drawn down by the Company at a rate of ten per cent per annum, such interest to accrue from the date of drawdown, compounding monthly and to be rolled up until maturity. The Re-financing Facility Agreement is secured by a security package that includes fixed and floating charges over all of the Company's assets, undertaking and goodwill and those of Datalex (Ireland) Limited, and will be secured by additional, direct security over the Group's assets and operations in the USA and UK. As of the date of this report, an amount of €2.5m had been drawn down by the Company from the Increased Facility.

The Placing, the Facility and related arrangements were approved by shareholders (other than IIU) at an extraordinary general meeting ("EGM") held on 26 April 2019. The Increased Facility and related arrangements were approved by shareholders (other than IIU) at an EGM held on 15 November 2019.

It is the Company's intention to arrange an equity fundraising in the coming months to raise, net of expenses, sufficient proceeds for the repayment of the Increased Facility and the funding of the Group's working capital needs. Mr. Desmond has informed the Company that he will support the equity fundraising and procure the participation of IIU in its *pro rata* entitlement and will also work with the Company to secure underwriting of the equity fundraising.

The Directors recognise that, as detailed further in Note 2, there are material uncertainties that may cast significant doubt as to the Group's ability to continue as a going concern. Nevertheless, on the basis of Mr. Desmond's support, the Directors have a reasonable expectation that the Group will be able to successfully navigate the present uncertainties and are satisfied to prepare the condensed consolidated interim financial statements on a going concern basis.

Business development
No new customers were added by the Group in the first six months of 2019.

On 23 May 2019, the Group received a notice of termination from Multiplus S.A. ("Multiplus") in respect of the Master Agreement entered into between the parties on 27 April 2018. This followed the acquisition of Multiplus by LATAM. The Group is currently in dialogue with LATAM on the termination arrangements and potential future business relationships. The timing of the decision on future business relationships may affect the timing of the recognition (as between the 2019 and 2020 financial year) of some material revenue in relation to this contract.

On 4 September 2019, the Group received a termination notice from Lufthansa AG ("Lufthansa"). The Group strongly disputes the legality of this notice and has commenced proceedings against Lufthansa in Landgericht Frankfurt (Regional Court of Frankfurt) in order to achieve resolution of the matter. The outcome of this process is currently uncertain but a financial loss to the Group cannot be ruled out. At 30 June 2019, a net asset of US$2.1m, representing deferred contract fulfilment costs, trade receivables and after deduction of contract liabilities, was recorded on the Group's statement of financial position in respect of this customer contract.

We will continue to develop and build a strong customer focus, with a better definition of deliverables and product capabilities. We are continuing to extend our business with existing customers while also seeking new opportunities. Talks are ongoing with a number of potential new customers, some of which are at an advanced stage.

Strategic development
Datalex has a significant market opportunity. The airline industry is growing year-on-year and airlines are continuing to focus on digital retail. In 2019, airline ancillary revenue is projected to reach US$109.5 billion worldwide (an increase of 18% compared to 2018).

Datalex continues to focus on providing winning technology solutions that enable airlines to take control and grow their high value digital retail revenues.

Innovation is, and will continue to be, at our core and areas of focus in 2019 and beyond include modularity, cloud centricity, efficiency and expanding our product portfolio to meet the evolving needs of airlines.

Board development
On 3 October 2019, the Company announced my appointment as CEO on a permanent basis. I had held the role of Interim CEO since May 2019 when the previous CEO, Aidan Brogan, stepped down from his position. The time I have spent at the Group so far has convinced me that there is a significant market opportunity, a powerful commercial model and we now have a very strong team in place to capitalise on this. It is for these reasons that I am confident to lead the Group and am very excited about its future.

Christine Ourmières-Widener joined the Board as a Non-Executive Director on 3 October 2019. Christine is a highly respected airline professional and has a keen awareness of how technology can be leveraged to shape and transform airlines. Her appointment will strengthen the Board and bring new expertise and knowledge to the Group.

The Company's Nominations Committee initiated a process to search for a non-executive Chairman to succeed me in my role as Acting Chairman on a permanent basis. The process resulted in the appointment of David Hargaden as Chairman and Non-Executive Director on 7 November 2019. As Chairman, David brings significant board experience and relevant industry knowledge that will strengthen Datalex and provide a fresh perspective. His appointment also allows me, as CEO, to focus on the running of the business and to lead the Group to future growth.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Group for the remaining part of the year are outlined in Note 23 to the condensed consolidated interim financial statements.

Sean Corkery
Chief Executive Officer

3 December 2019

Datalex plc

Responsibility Statement

In respect of the six months ended 30 June 2019

The Directors of Datalex plc are responsible for preparing this interim management report and the condensed consolidated interim financial information in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, *Interim Financial Reporting,* as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- the condensed consolidated interim financial information for the half year ended 30 June 2019 has been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34, adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed consolidated interim financial statements for the half year ended 30 June 2019, and a description of the principal risks and uncertainties for the remaining six months which has been provided in Note 23 of the condensed consolidated interim financial statements;

- the interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board

Sean Corkery	**Niall O'Sullivan**
Director	**Director**

3 December 2019

Datalex plc

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2019 – unaudited

	Notes	30 June 2019 *Unaudited* US$'000	31 December 2018 *Audited* US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,019	2,536
Intangible assets	**14**	104	140
Right of use assets	**15**	5,734	-
Deferred contract fulfilment costs	**16**	692	10,864
Contract acquisition costs		435	792
Contract assets	**9**	5	-
Trade and other receivables	**9**	697	685
Total non-current assets		**9,686**	**15,017**
Current assets			
Trade and other receivables	**9**	10,130	7,133
Contract assets	**9**	1,504	2,019
Deferred contract fulfilment costs	**16**	12,908	660
Restricted cash		500	500
Cash and cash equivalents		3,705	8,380
Total current assets		**28,747**	**18,692**
TOTAL ASSETS		**38,433**	**33,709**
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Issued ordinary share capital	**17**	8,254	7,810
Other issued equity share capital		262	262
Other reserves		11,795	7,783
Retained loss		(32,276)	(25,230)
TOTAL EQUITY		**(11,965)**	**(9,375)**
LIABILITIES			
Non-current liabilities			
Borrowings – lease liabilities	**10**	5,578	366
Borrowings – secured loan from related party	**10**	3,293	-
Provision (long term incentive plan)		-	651
Trade and other payables	**11**	-	170
Contract liabilities		2,543	10,942
Total non-current liabilities		**11,414**	**12,129**
Current liabilities			
Trade and other payables	**11**	17,179	16,094
Contract liabilities		19,459	13,626
Borrowings – lease liabilities	**10**	1,208	895
Provision (long term incentive plan)		663	-
Current income tax liabilities		475	340
Total current liabilities		**38,984**	**30,955**
TOTAL EQUITY AND LIABILITIES		**38,433**	**33,709**

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

Datalex plc

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2019 – unaudited

	Notes	Six months ended 30 June						Year ended 31 December		
		2019 *Unaudited* Before exceptional items US$'000	2019 *Unaudited* Exceptional items (Note 7) US$'000	2019 *Unaudited* Total US$'000	2018 *Unaudited* Before exceptional items US$'000	2018 *Unaudited* Exceptional items (Note 7) US$'000	2018 *Unaudited* Total US$'000	2018 *Audited* Before exceptional items US$'000	2018 *Audited* Exceptional items (Note 7) US$'000	2018 *Audited* Total US$'000
Continuing operations										
Revenue from contracts with customers	**4**	22,590	-	22,590	24,733	-	24,733	45,096	-	45,096
Cost of sales	**5**	(21,287)	-	(21,287)	(22,222)	(6,636)	(28,858)	(45,407)	(12,369)	(57,776)
GROSS PROFIT/ (LOSS)		**1,303**	**-**	**1,303**	**2,511**	**(6,636)**	**(4,125)**	**(311)**	**(12,369)**	**(12,680)**
Selling and marketing costs	**5**	(3,550)	-	(3,550)	(3,523)	-	(3,523)	(5,786)	-	(5,786)
Administrative expenses	**5**	(1,808)	(2,434)	(4,242)	(2,733)	-	(2,733)	(3,643)	(2,254)	(5,897)
Net impairment losses on financial and contract assets	**5**	(89)	-	(89)	(198)	-	(198)	(140)	-	(140)
Impairment of intangible assets		-	-	-	-	(19,959)	(19,959)	-	(19,959)	(19,959)
Other income		233	-	233	206	-	206	206	-	206
Other gains/ (losses)	**8**	5	-	5	148	(164)	(16)	122	(164)	(42)
OPERATING LOSS		**(3,906)**	**(2,434)**	**(6,340)**	**(3,589)**	**(26,759)**	**(30,348)**	**(9,552)**	**(34,746)**	**(44,298)**
Finance income		3	-	3	8	-	8	10	-	10
Finance costs		(398)	-	(398)	(122)	-	(122)	(408)	-	(408)
LOSS BEFORE INCOME TAX		**(4,301)**	**(2,434)**	**(6,735)**	**(3,703)**	**(26,759)**	**(30,462)**	**(9,950)**	**(34,746)**	**(44,696)**
Income tax expense	**12**	(127)	-	(127)	(213)	(2,397)	(2,610)	(140)	(2,397)	(2,537)
LOSS FOR THE PERIOD		**(4,428)**	**(2,434)**	**(6,862)**	**(3,916)**	**(29,156)**	**(33,072)**	**(10,090)**	**(37,143)**	**(47,233)**
LOSS PER SHARE (in US$ cents per share)										
Basic	**13**			**(8.60)**			**(43.26)**			**(61.47)**
Diluted	**13**			**(8.60)**			**(43.26)**			**(61.47)**

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

Datalex plc

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2019 – unaudited

	Six months ended		Year ended
	30 June 2019	**30 June 2018**	**31 December 2018**
	Unaudited	***Unaudited***	***Audited***
	US$'000	**US$'000**	**US$'000**
Loss for the period	**(6,862)**	**(33,072)**	**(47,233)**
Other comprehensive loss:			
Items that may subsequently be reclassified to profit or loss:			
Foreign currency translation adjustments			
- Arising in the period	-	(13)	(21)
Total movement in items that may be subsequently reclassified to profit or loss	**-**	**(13)**	**(21)**
Comprehensive loss for the period	**(6,862)**	**(33,085)**	**(47,254)**

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

Datalex plc

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2019 – unaudited

	Issued ordinary share capital US$'000	Other issued equity share capital US$'000	Other reserves US$'000	Retained (loss)/ earnings US$'000	Total equity US$'000
Unaudited					
Balance at 1 January 2018	**7,693**	**262**	**7,000**	**25,840**	**40,795**
Loss for the period	-	-	-	(33,072)	**(33,072)**
Other comprehensive loss	-	-	(13)	-	**(13)**
Total comprehensive loss for the period	**-**	**-**	**(13)**	**(33,072)**	**(33,085)**
Share-based payments credit	-	-	(240)	-	**(240)**
Issue of ordinary shares – exercise of options	41	-	423	-	**464**
Decrease in treasury shares due to exercise of JSOP awards	-	-	101	-	**101**
Dividends payable to shareholders (Note 20)	-	-	-	(3,866)	**(3,866)**
Balance at 30 June 2018	**7,734**	**262**	**7,271**	**(11,098)**	**4,169**
Audited					
Balance at 1 January 2018	**7,693**	**262**	**7,000**	**25,840**	**40,795**
Loss for the year	-	-	-	(47,233)	**(47,233)**
Other comprehensive loss	-	-	(21)	-	**(21)**
Total comprehensive loss for the year	**-**	**-**	**(21)**	**(47,233)**	**(47,254)**
Share-based payments credit	-	-	(147)	-	**(147)**
Issue of ordinary shares – exercise of options	117	-	822	-	**939**
Decrease in treasury shares due to exercise of JSOP awards	-	-	129	-	**129**
Dividends paid (Note 20)	-	-	-	(3,837)	**(3,837)**
Balance at 31 December 2018	**7,810**	**262**	**7,783**	**(25,230)**	**(9,375)**
Unaudited					
Balance at 31 December 2018	**7,810**	**262**	**7,783**	**(25,230)**	**(9,375)**
Cumulative restatement of retained earnings arising from implementation of IFRS 16	-	-	-	-	**-**
Balance at 1 January 2019	**7,810**	**262**	**7,783**	**(25,230)**	**(9,375)**
Loss for the period	-	-	-	(6,862)	**(6,862)**
Other comprehensive loss	-	-	-	-	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(6,862)**	**(6,862)**
Share-based payments cost	-	-	41	-	**41**
Issue of ordinary shares – share placing (Note 17)	441	-	3,965	-	**4,406**
Issue of ordinary shares – exercise of options (Note 17)	3	-	6	-	**9**
Share issue costs (Note 17)	-	-	-	(184)	**(184)**
Decrease in treasury shares due to exercise of JSOP awards	-	-	-	-	**-**
Balance at 30 June 2019	**8,254**	**262**	**11,795**	**(32,276)**	**(11,965)**

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

Datalex plc

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2019 – unaudited

	Notes	Six months ended 30 June 2019 *Unaudited* US$'000	Six months ended 30 June 2018 *Unaudited* US$'000	Year ended 31 December 2018 *Audited* US$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash used in operations	**18**	(11,139)	(3,948)	(3,701)
Income tax (paid)/ refunded		(33)	35	43
NET CASH USED IN OPERATING ACTIVITIES		**(11,172)**	**(3,913)**	**(3,658)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(20)	(145)	(163)
Additions to intangible assets	**14**	-	-	-
Additions to contract acquisition costs		-	(219)	(334)
Interest received		3	8	10
NET CASH USED IN INVESTING ACTIVITIES		**(17)**	**(356)**	**(487)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (including share premium)		4,585	269	939
Proceeds from exercise of JSOP awards		-	101	129
Dividends paid to shareholders		-	-	(3,837)
Proceeds from secured loan from related party (net of debt issue costs paid)	**10**	3,269	-	-
Decrease in lease liabilities		(1,065)	(329)	(692)
Interest paid		(265)	(25)	(222)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES		**6,524**	**16**	**(3,683)**
Net decrease in cash and cash equivalents		**(4,665)**	**(4,253)**	**(7,828)**
Foreign exchange (loss)/ gain on cash and cash equivalents		(10)	46	55
Cash and cash equivalents at beginning of period		8,380	16,153	16,153
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**3,705**	**11,946**	**8,380**

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

1. General information

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

Datalex plc (the "Company") is a public limited company incorporated and domiciled in Ireland and is listed on Euronext Dublin. As a result of the non-publication of the Company's financial statements for the year ended 31 December 2018 by 30 April 2019 and the non-publication of the Company's interim financial statements for the six months to 30 June 2019 by 30 September 2019 (as required by the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended), trading in the Company's shares has been temporarily suspended. This suspension will be in force up to and until such time as any of the Central Bank of Ireland's and/ or Euronext Dublin's requirements for lifting of the temporary suspension are complied with. The annual financial statements of the Company for the year ended 31 December 2018 were published on 6 September 2019.

This condensed consolidated interim financial information was authorised for issue by the Board of Directors on 3 December 2019.

2. Basis of preparation

The condensed consolidated interim financial statements included in this report have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with International Accounting Standard 34, *Interim Financial Reporting,* ("IAS 34") as adopted by the European Union. These condensed statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018 included in the Datalex plc 2018 Annual Report which is available on the Group's website *www.datalex.com*. The Group's 2018 Annual Report and financial statements have been audited but the auditors, Ernst & Young, have issued a disclaimed audit opinion thereon. The disclaimed audit opinion is presented on pages 43 to 50 of the Datalex plc Annual Report 2018. The condensed consolidated interim financial statements presented do not constitute full statutory accounts. Full statutory accounts for the year ended 31 December 2018 were filed with the Irish Registrar of Companies on 22 November 2019.

Following publication of the 2018 Annual Report, Ernst & Young, as indicated to the Company, resigned as the statutory auditor on 12 September 2019.

The condensed consolidated interim financial statements contained in this report are unaudited.

Comparative numbers for the six months ended 30 June 2018 are based on the re-issued and restated Interim Report and condensed consolidated interim financial statements for that reporting period published by the Group on 4 December 2019. Certain prior period amounts in this report have been reclassified to conform with the current period presentation, none of which, taken as a whole, are material to the financial statements.

Going concern
The condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Group will be able to continue in operational existence for the foreseeable future.

The Group incurred a loss of US$6.9m in the six months to 30 June 2019 (2018 financial year: loss of US$47.2m). At 30 June 2019, the Group had net liabilities of US$12.0m (31 December 2018: net liabilities of US$9.4m) and net current liabilities of US$10.2m (31 December 2018: net current liabilities of US$12.3m). Operating cash outflows in the six month period were US$11.1m (2018 financial year: US$3.7m outflow). The total decrease in cash in the six months to 30 June 2019 was US$4.7m (2018 financial year: US$7.8m decrease).

The Group continues to operate in a very competitive environment. A number of significant events occurred during the 2018 financial year and in 2019 to date (detailed below) that have given rise to material uncertainties for the business that may cast significant doubt on the Group's ability to continue as a going concern.

In 2018, the Group incurred a considerable amount of additional time on a significant customer deployment which has continued in the first six months of 2019. Time was incurred on both the customer specific configuration and on the necessary enhancements and changes to our platform. A shortfall in services revenue billings arose in 2018 due to a failure to recover these additional costs. The related customer negotiations are ongoing. In respect of a separate customer we have also had to incur additional time to meet their commercial requirements, and in this situation the customer has agreed to fund the additional time required. As noted above, in the six month period to 30 June 2019, the Company recorded an operating loss of US$6.3m and operating cash outflows of US$11.1m.

2. Basis of preparation (continued)

In evaluating our cash flow needs for the remainder of 2019 and beyond, the Group takes into account its commitments to customers in respect of both deployments and ongoing services. Given our well-publicised financial challenges, we acknowledge there is a high risk that some customers may look to alternative providers. On 4 September 2019, the Group received a termination notification from a customer. The Group strongly disputes the legality of this notice and is engaging with the customer concerning resolution of this matter. There could also be material negative financial consequences if we do not meet our obligations on other customer deployments.

Furthermore, one of our customers has changed ownership and there may be either a positive future outcome in additional revenue opportunities, or this customer may terminate, in which case, the Group would be entitled to a termination payment.

To prepare financial forecasts for the business is challenging in this background, as there are a number of different outcomes, both positive and negative, which could arise.

The Company noted in its 2018 Annual Report, published on 6 September 2019, that cash flow forecasts for the Group indicated that funding of approximately US$10m would be required over the period to 30 September 2020, with approximately US$5m of this amount being required to meet the short-term cash flow needs of the Group over the remainder of 2019 with the balance attributable to the Group's working capital needs in 2020.

To address these short-term cash flow needs, the Company, on 30 October 2019, entered into the Re-financing Facility Agreement with Tireragh Limited ("Tireragh") (a company ultimately owned and controlled by Mr. Dermot Desmond) under which a further €5m has been made available to the Company by Tireragh (the "Increased Facility"). The amounts drawn down under the secured loan facility of 14 March 2019 with Tireragh (which provided for a maximum drawdown aggregate amount of €6.141m and which amount was fully drawn by 30 September 2019) have been re-financed and interest payable on those amounts capitalised. The Increased Facility will mature on 1 November 2020. The Increased Facility and related arrangements were approved by shareholders (other than IIU Nominees Limited) at an EGM held on 15 November 2019.

The latest Group cashflow forecasts indicate that further funding of approximately US$17m will be required over the period to 31 December 2020, to meet the Group's debt repayment obligations under the Increased Facility in November 2020 and its working capital needs in 2020. In preparing these forecasts, the Directors have assumed prudent downside scenarios, including provision for the scenario of a significant customer loss. While the Directors can give no assurance that these forecasts will be met, the Directors believe that these forecasts form a reasonable basis for their estimation of the future cash needs of the business.

If all various customer engagements are positive, and we deliver on our contractual commitments, we will not require all of the identified further funding. In the worst-case scenario of multiple customer losses and/ or Datalex not delivering on contractual commitments, further funding may be required. The estimation of the funding requirement in this worst-case scenario is not possible but the Directors believe that this worst-case scenario is not a likely outcome. Notwithstanding this, the Directors recognise that the possibility that this worst-case scenario might be realised represents a material uncertainty.

The Directors intend to arrange an equity fundraising to raise, net of expenses, sufficient proceeds for the repayment of its shareholder loans, and the funding of the working capital needs of the business in 2020 and beyond. Mr. Desmond has informed the Company that he will support the equity fundraising and procure the participation of IIU Nominees Limited in its *pro rata* entitlement and will also work with the Company to secure underwriting of the equity fundraising.

The successful completion of an equity fundraising nevertheless remains subject to significant third party, internal and external risks. The financing provided by Mr. Desmond is subject to a number of conditions including indemnities, guarantees, covenants and events of default. An equity fundraising, depending on its structure, may require publication of a prospectus and/ or the convening of an extraordinary general meeting at which shareholder approval of the arrangements would be sought. There is a risk that one or more of these steps may not be completed, or may not be completed in time, and the equity fundraising may not successfully complete.

The Directors recognise that the combination of the circumstances described above represents a material uncertainty that may cast significant doubt as to the Group's ability to continue as a going concern. Nevertheless, on the basis of Mr. Desmond's support, the Directors have a reasonable expectation that the Group will be able to successfully navigate the present uncertainties and are satisfied to prepare the condensed consolidated interim financial statements on a going concern basis. The condensed consolidated interim financial statements do not include any adjustments that would be required if the Group were unable to continue as a going concern.

3. Accounting policies

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2018.

IFRS 16, Leases
FRS 16, *Leases*, is effective for financial periods beginning on or after 1 January 2019. This standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the statement of financial position by lessees. The standard replaces IAS 17, *Leases*, and related interpretations.

The distinction between operating leases (off statement of financial position under IAS 17) and finance leases (on statement of financial position under IAS 17) is removed for lease accounting under IFRS 16. The principal difference to the previous lease accounting under IAS 17 is the requirement to bring most leases onto the statement of financial position. The Group has adopted IFRS 16 by applying the modified retrospective approach and recognised a lease liability and corresponding right of use asset at 1 January 2019. The lease liability has been initially measured at the present value of the lease payments that were not paid as of that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. The right of use asset is an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments and onerous lease provisions. The right of use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability.

The standard has had a material impact on the statement of financial position of the Group with the recognition of lease liabilities and right of use assets. Group management have reviewed contracts to identify lease arrangements that would need to be recognised under IFRS 16. The operating leases that have been recorded on the statement of financial position at 1 January 2019, following implementation of IFRS 16, principally relate to office buildings.

The overall impact on the statement of profit or loss of adopting IFRS 16 will be neutral over the life of a lease but will result in a higher charge in the earlier years following implementation and a lower charge in the later years as a result of how finance costs are recognised on the leases. As an indication of the effect of the new leasing standard, the Group estimates that under IFRS 16 there will be a depreciation charge of circa US$0.9m and finance costs of circa US$0.5m in the 2019 financial year based on the leases in place at 30 June 2019. This compares to the expected 2019 operating lease charge of circa US$1.1m under IAS 17. Assuming no change in these leases, this finance cost will gradually decrease over the remaining lives of the leases. The implementation of IFRS 16 will not change overall lease cashflows or the economic effect of the leases to which the Group is a party. It does, however, change the presentation of cash flows from leases with rent payments now being shown in financing rather than operating activities, split into their principal repayment and finance cost components.

In calculating the estimated impact of IFRS 16 on the consolidated financial statements, the Group has availed of the following practical expedients when applying the standard:

- A single discount rate has been applied to leases with reasonably similar characteristics;
- Lease contracts for which the underlying asset is of low value have been excluded from the calculations;
- Leases with remaining terms of less than 12 months at the date of initial application have been excluded from the calculations;
- Initial direct costs associated with the leases have been excluded from the valuation of the right of use asset; and
- Hindsight has been used to determine lease terms where the lease agreements include options to terminate or extend the lease.

The Group's finance leases at 31 December 2018, and on transition to IFRS 16, will continue to be accounted for in accordance with the provisions of IAS 17.

New Group accounting policy introduced for the implementation IFRS 16

Leases
The Group recognises a right of use asset and a lease liability at the date that the lease commences. The right of use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. Right of use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

3. Accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group typically uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts that include termination or renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right of use assets recognised.

Impact on the condensed consolidated interim financial statements from the implementation of IFRS 16

The main impacts on the consolidated financial statements from the adoption of IFRS 16 are detailed below.

Impact on opening total equity as at 1 January 2019
There was no impact on opening equity at 1 January 2019 from the implementation of IFRS 16.

Impact on the consolidated statement of financial position at 1 January 2019

	As reported US$'000	Adjustments US$'000	Amounts without adoption of IFRS 16 US$'000
ASSETS			
Right of use assets (Note 15)	6,173	6,173	-
Trade and other receivables – prepayments	929	(10)	939
LIABILITIES AND EQUITY			
Borrowings – lease liability	7,882	6,621	1,261
Trade and other payables – accruals and lease incentives	6,641	(458)	7,099
Retained loss	(25,230)	-	(25,230)

There was no impact on deferred tax assets or deferred tax liabilities at 1 January 2019.

In measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied was 7.5%.

A reconciliation of the operating lease commitments disclosed at 31 December 2018 in Note 30 of the Group's 2018 Annual Report to the lease liability recognised after implementation of IFRS 16 on 1 January 2019 is as follows:

	1 January 2019 US$'000
Operating lease commitments – 31 December 2019	10,206
Less:	
Exercise of termination options assumed in lease liability calculation	(814)
Other payments not to be included in lease liability	(85)
Discount using the incremental borrowing rate at 1 January 2019	(2,686)
Lease liability recognised from the implementation of IFRS 16	**6,621**
Finance lease obligations	1,261
Total lease liability	**7,882**

3. Accounting policies (continued)

The amounts by which each financial statement line item is affected, as at and for the six months ended 30 June 2019, as a result of the adoption of IFRS 16 are set out below:

Impact on the condensed consolidated interim income statement for the six months ended 30 June 2019

	As reported US$'000	Adjustments US$'000	Amounts without adoption of IFRS 16 US$'000
Cost of sales	(21,287)	80	(21,367)
Selling and marketing costs	(3,550)	13	(3,563)
Administrative expenses	(4,242)	16	(4,258)
Other (gains)/ losses	5	24	(19)
Operating loss	**(6,340)**	**133**	**(6,473)**
Finance costs	(398)	(240)	(158)
Loss before income tax	**(6,735)**	**(107)**	**(6,628)**
Adjusted EBITDA	(2,792)	572	(3,364)
Loss per share (in US$ cents per share)			
Basic	(8.60)	(0.13)	(8.47)
Diluted	(8.60)	(0.13)	(8.47)

Impact on condensed consolidated interim statement of financial position at 30 June 2019

	As reported US$'000	Adjustments US$'000	Amounts without adoption of IFRS 16 US$'000
ASSETS			
Right of use assets (Note 15)	5,734	5,734	-
Trade and other receivables – prepayments	1,189	(156)	1,345
LIABILITIES AND EQUITY			
Borrowings – lease liability (Note 10)	6,786	6,100	686
Trade and other payables – accruals and lease incentives	7,558	(415)	7,973
Retained loss	(32,276)	(107)	(32,169)

Other IFRSs and IFRIC interpretations

No other IFRSs or IFRIC interpretations are effective for the first time for the financial period beginning on 1 January 2019 that had a material impact on the Group.

4. Segmental information

Management has determined the reportable 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 the measure of Adjusted EBITDA. Adjusted EBITDA is our primary Alternative Performance Measure and we believe its disclosure, as a measure used by management, is also useful to shareholders in assessing the financial performance of the Group. Unlike other businesses, it is not a proxy for operating cash flow as our cash flows vary by customer contract.

The executive management team considers the business from a product and service perspective. At 30 June 2019 and 2018, TPF Consulting did not meet the quantitative thresholds for mandatory disclosure under IFRS 8, *Operating Segments*. However, the executive management team have opted to continue to disclose this segment separately on the basis that TPF Consulting is managed independently and that the executive management team review the performance of the segment separately. The TPF business has different characteristics and business challenges compared to the E-business reporting segment. Throughout the year management considers the performance of E-business and TPF Consulting on a separate basis.

4. Segmental information (continued)

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 or loss is measured on Adjusted EBITDA, which is defined as earnings before interest, tax, depreciation, amortisation, share-based payments cost and exceptional items. Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive management team is measured in a manner consistent with that in the income statement.

The segment information provided to the executive management team for the reportable segments for the six months ended 30 June 2019 is as follows:

	Six months ended 30 June 2019			Six months ended 30 June 2018		
	E-business US$'000	TPF Consulting US$'000	Total US$'000	E-business US$'000	TPF Consulting US$'000	Total US$'000
Revenue from contracts with customers	21,731	1,288	**23,019**	23,729	1,424	**25,153**
Inter-segment revenue	-	(429)	**(429)**	-	(420)	**(420)**
External revenue	**21,731**	**859**	**22,590**	**23,729**	**1,004**	**24,733**
Adjusted EBITDA	(2,918)	126	**(2,792)**	(291)	228	**(63)**
Share-based payments (cost)/ credit	(41)	-	**(41)**	240	-	**240**
EBITDA	**(2,959)**	**126**	**(2,833)**	**(51)**	**228**	**177**
Depreciation	(1,027)	(10)	**(1,037)**	(535)	(1)	**(536)**
Amortisation	(36)	-	**(36)**	(3,230)	-	**(3,230)**
Operating (loss)/ profit before exceptional items	**(4,022)**	**116**	**(3,906)**	**(3,816)**	**227**	**(3,589)**
Exceptional items (Note 7)	(2,434)	-	**(2,434)**	(26,759)	-	**(26,759)**
Operating (loss)/ profit after exceptional items	**(6,456)**	**116**	**(6,340)**	**(30,575)**	**227**	**(30,348)**
Finance income			3			8
Finance costs			(398)			(122)
Loss before income tax			**(6,735)**			**(30,462)**
Income tax expense			(127)			(2,610)
Loss for the period			**(6,862)**			**(33,072)**

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

	Six months ended 30 June 2019 US$'000	Six months ended 30 June 2018 US$'000	Year ended 31 December 2018 US$'000
Adjusted EBITDA	**(2,792)**	**(63)**	**(1,910)**
Depreciation	(1,037)	(536)	(1,258)
Amortisation – development costs	-	(3,118)	(6,308)
Amortisation – software	(36)	(112)	(223)
Finance income	3	8	10
Finance costs	(398)	(122)	(408)
Share-based payments (cost)/ credit	(41)	240	147
Exceptional items (Note 7)	(2,434)	(26,759)	(34,746)
Loss before income tax	**(6,735)**	**(30,462)**	**(44,696)**

4. Segmental information (continued)

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

Total segment assets and liabilities are as follows:

	30 June 2019			31 December 2018		
	E-business US$'000	TPF Consulting US$'000	Total US$'000	E-business US$'000	TPF Consulting US$'000	Total US$'000
Total segment assets	38,046	387	**38,433**	33,220	489	**33,709**
Total segment liabilities	(50,022)	(376)	**(50,398)**	(42,803)	(281)	**(43,084)**

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	Six months ended		Year ended
	30 June 2019 US$'000	30 June 2018 US$'000	31 December 2018 US$'000
Platform revenue	13,614	11,844	23,450
Professional services	8,036	11,800	19,401
Consultancy	859	1,004	1,949
Other revenue	81	85	296
Revenue from contracts with customers	**22,590**	**24,733**	**45,096**

Refer to Note 2.6 of the Group's 2018 Annual Report for the definition of the different revenue categories included in the table above.

5. Expenses by nature

	Six months ended				Year ended
	30 June 2019 Before exceptional items US$'000	30 June 2019 Exceptional items (Note 7) US$'000	30 June 2019 Total US$'000	30 June 2018 Total US$'000	31 December 2018 Total US$'000
Employee benefit expense (Note 6) – net of capitalisation	12,515	1,915	14,430	14,815	28,214
Consultant and contractor costs – net of capitalisation	8,413	-	8,413	10,916	20,699
Amortisation – development costs	-	-	-	3,118	6,308
Amortisation – software	36	-	36	112	223
Amortisation – contract acquisition costs	357	-	357	86	185
Establishment costs	407	-	407	1,023	1,988
Hosting	613	-	613	692	1,145
Professional fees	1,327	519	1,846	725	3,111
Travel	358	-	358	751	1,530
Depreciation	1,037	-	1,037	536	1,258
Net impairment losses on financial and contract assets	89	-	89	198	140
Third party services	244	-	244	234	482
Auditor's remuneration	199	-	199	390	1,163
Communication	128	-	128	146	295
Software maintenance and other online charges	331	-	331	184	359
Other	680	-	680	1,386	2,499
Total cost of sales, selling and marketing costs, administrative expenses and net impairment losses on financial and contract assets	**26,734**	**2,434**	**29,168**	**35,312**	**69,599**
Other (gains)/ losses (Note 8)	(5)	-	(5)	16	42
Total operating costs	**26,729**	**2,434**	**29,163**	**35,328**	**69,641**
Disclosed as:					
- Cost of sales	21,287	-	21,287	28,858	57,776
- Selling and marketing costs	3,550	-	3,550	3,523	5,786
- Administrative expenses	1,808	2,434	4,242	2,733	5,897
- Net impairment losses on financial and contract assets	89	-	89	198	140
- Other (gains)/ losses	(5)	-	(5)	16	42
Total operating costs	**26,729**	**2,434**	**29,163**	**35,328**	**69,641**

Included in operating costs for the six months ended 30 June 2018 above are exceptional costs amounting to US$6,800,000, of which US$6,636,000 has been included in cost of sales and US$164,000 in other (gains)/ losses (see Note 7 below).

Included in operating costs for the year ended 31 December 2018 above are exceptional costs amounting to US$14,787,000, of which US$12,369,000 has been included in cost of sales, US$2,254,000 in administrative expenses and US$164,000 in other (gains)/ losses (see Note 7 below).

6. Employee benefit expense

	Six months ended		Year ended
	30 June 2019 US$'000	30 June 2018 US$'000	31 December 2018 US$'000
Wages and salaries	10,823	13,079	24,886
Social security costs	1,150	1,716	3,266
Pension costs – defined contribution schemes	470	480	971
Employee benefit expense before capitalisation	**12,443**	**15,275**	**29,123**
Capitalised labour	-	(4,423)	(6,648)
Employee benefit expense after capitalisation	**12,443**	**10,852**	**22,475**
Share based payments cost/ (credit)	41	(240)	(147)
Employee long term incentive plan cost/ (credit)	31	(220)	(63)
Total employee benefit expense before exceptional items	**12,515**	**10,392**	**22,265**
Employee severance costs (Note 7)	1,915	-	-
Capitalised labour written off	-	4,423	5,949
Total employee benefit expense	**14,430**	**14,815**	**28,214**

7. Exceptional items

	Six months ended		Year ended
	30 June 2019 US$'000	30 June 2018 US$'000	31 December 2018 US$'000
Impairment of intangible asset (product development expenditure)	-	19,959	19,959
Write-off of net product development expenditure incurred in the period	-	6,636	12,369
Restructuring costs	1,961	-	-
Costs associated with implementation of new accounting standards	-	-	1,537
Costs associated with review of financial irregularities in 2018	-	-	717
Professional fees incurred	473	-	-
Recognition of onerous customer contract	-	164	164
Exceptional items included in loss before income tax	**2,434**	**26,759**	**34,746**
Derecognition of net deferred tax asset	-	2,397	2,397
Exceptional items included in income tax expense	**-**	**2,397**	**2,397**
Total	**2,434**	**29,156**	**37,143**

The exceptional items that arose in respect of the year ended 31 December 2018 are described in Note 22 of the Group's 2018 Annual Report. The exceptional items incurred in respect of the six months ended 30 June 2019 are outlined below:

Restructuring costs
Given the need to reduce the Group's cost base and deliver future profitability, a restructuring programme was implemented in early 2019 which saw a reduction in employee numbers across the Group and in outsourced contractor staff working on Group development projects. This programme was largely completed by March 2019. A number of senior management staff, including the CEO, also departed the business in May and June 2019. The costs of the restructuring incurred in the six months ended 30 June 2019 amounted to US$1,961,000 and consisted of employee severance costs of US$1,915,000 and associated advisory fees of US$46,000.

Professional fees incurred
An amount of US$473,000 was incurred in the six months ended 30 June 2019 for professional advisory (primarily legal) fees associated with addressing the impact on the Group from the findings of the accounting and internal control review, and for an independent review of the Group's finance function.

8. Other gains/ (losses)

	Six months ended 30 June 2019 US$'000	Six months ended 30 June 2018 US$'000	Year ended 31 December 2018 US$'000
Net foreign exchange gain	5	148	122
Recognition of onerous customer contract (Note 7)	-	(164)	(164)
Net total	**5**	**(16)**	**(42)**

9. Trade and other receivables and contract assets

	30 June 2019 US$'000	31 December 2018 US$'000
Current trade and other receivables and contract assets		
Trade receivables	8,232	5,372
Less: allowance for expected credit losses on trade receivables	(902)	(778)
Trade receivables – net	**7,330**	**4,594**
Contract assets	1,545	2,134
Less: allowance for expected credit losses on contract assets	(41)	(115)
Contract assets – net	**1,504**	**2,019**
Research and development tax credits	535	550
VAT receivable	997	816
Receivable from related parties	34	223
Other receivables	45	11
Prepayments	1,189	939
Total other receivables	**2,800**	**2,539**
Total current trade and other receivables and contract assets – net	**11,634**	**9,152**
Non-current trade and other receivables and contract assets		
Contract assets – gross and net	**5**	**-**
Research and development tax credits	697	685
Total other receivables	**697**	**685**
Total non-current trade and other receivables and contract assets – net	**702**	**685**
Total trade and other receivables and contract assets	**12,336**	**9,837**

The gross carrying amounts of the Group's trade receivables and contract assets are denominated in the following currencies:

	30 June 2019 US$'000	31 December 2018 US$'000
US dollar	6,511	5,080
Euro	2,750	2,219
Swedish krona	230	119
Pound sterling	163	88
Chinese renminbi	128	-
Total	**9,782**	**7,506**

The fair value of trade receivables, contract assets and accrued income 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.

10. Borrowings

Lease liabilities

	30 June 2019 US$'000	31 December 2018 US$'000
Non-current	5,578	366
Current	1,208	895
Total lease liabilities	**6,786**	**1,261**

The carrying amount of the Group's finance leases which have been included in lease liabilities above amounted to US$686,000 at 30 June 2019 (31 December 2018: US$1,261,000).

Lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default. The fair value of the leases has been determined using discounted cash flow analysis, where the inputs required (the payments and discount rates) are observable and do not require significant estimation (Level 2 fair value in the fair value hierarchy).

Included in lease liabilities at 30 June 2019 above are the following amounts which arose from the implementation of IFRS 16 in the period:

	30 June 2019 US$'000
Non-current	5,474
Current	626
Total lease liabilities arising from IFRS 16 implementation	**6,100**

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	30 June 2019 US$'000	31 December 2018 US$'000
US dollar	1,625	696
Euro	4,017	562
Pound sterling	1,048	-
Chinese renminbi	96	3
Total	**6,786**	**1,261**

Secured loan from related party

	30 June 2019 US$'000	31 December 2018 US$'000
Non-current	3,293	-
Current	-	-
Total loan liability	**3,293**	**-**

10. Borrowings (continued)

Related party secured loan facility
The Company announced on 14 March 2019 that it had entered into a €6.141m secured loan facility agreement with an investment vehicle owned and controlled by Mr. Dermot Desmond, Tireragh Limited ("Tireragh"), conditional on shareholder approval (the "Facility Agreement" or "Facility"). Shareholder approval for the Facility Agreement was subsequently given at an EGM held on 26 April 2019. Under the terms of the Facility Agreement, Tireragh made available a term loan facility of up to a maximum aggregate amount of €6.141m (US$6.988m) to be drawn down by the Company by way of one or more advances (but no more than six). The Facility was secured by a debenture entered into by the Company, creating fixed and floating charges over all of the Company's assets, undertaking and goodwill as security for the Company's obligations to Tireragh with respect to the Facility. The Facility was guaranteed by Datalex (Ireland) Limited, the Company's subsidiary, which, by debenture, also created a fixed and floating charge over all of its assets, undertaking and goodwill as security for its and the Company's obligations to Tireragh with respect to the Facility. The Facility was non-amortising, had a term of 18 months from 1 May 2019 and incurred interest on drawn down balances at the rate of ten per cent per annum, compounding monthly and to be rolled up until maturity. At 30 June 2019, the loan balance payable under the Facility (which is denominated in euro) was composed of principal of US$3,414,017, accrued interest of US$3,741 and is net of unamortised loan-related expenses of US$124,319.

The Facility was re-financed, with interest payable on the Facility capitalised, under the terms of the Re-financing Facility Agreement with Tireragh approved by shareholders on 15 November 2019, and under which a further €5m in secured debt funding has been made available to the Company. Under this new Facility there are additional obligations, as set out in detail in the circular to shareholders published on 30 October 2019, with which the Company must comply.

It is the Directors' opinion that there is no significant difference between the book value and fair value of the Group's secured related party borrowings. The fair value of the borrowings has been determined using discounted cash flow analysis, where the inputs required (the payments and discount rates) are observable and do not require significant estimation (Level 2 fair value in the fair value hierarchy).

11. Trade and other payables

	30 June 2019 US$'000	**31 December 2018 US$'000**
Trade payables	8,825	7,431
Accruals	7,558	6,929
Pension contributions	148	202
Social security and other taxes	561	1,421
Other payables	87	111
Total current trade and other payables	**17,179**	**16,094**
Total non-current trade and other payables (lease incentives)	**-**	**170**
Total trade and other payables	**17,179**	**16,264**

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

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

	30 June 2019 US$'000	**31 December 2018 US$'000**
US dollar	4,384	5,018
Euro	4,222	2,185
Pound sterling	200	228
Other	19	-
Total	**8,825**	**7,431**

12. Income tax

	Six months ended		Year ended
	30 June 2019 US$'000	30 June 2018 US$'000	31 December 2018 US$'000
Current tax			
Income tax expense	127	213	140
Deferred tax			
Derecognition of net deferred tax asset	-	2,397	2,397
Current tax expense for the period	**127**	**2,610**	**2,537**

The deferred tax expense for the six months ended 30 June 2018 and year ended 31 December 2018 of US$2,397,000 related to the derecognition of previously recognised deferred tax assets. This derecognition has been disclosed as an exceptional item in Note 7. The derecognition of these deferred tax assets, which related to tax losses forward and research and development tax credits, reflected the determination by the Directors that it was not appropriate to continue to recognise those deferred tax assets at 30 June 2018 and 31 December 2018 due to uncertainties surrounding the future profitability of the Group.

No deferred tax assets have been recognised in respect of the loss incurred in the six months ended 30 June 2019 due to uncertainties surrounding the future profitability of the Group.

Further information on the income tax expense recorded in the year ended 31 December 2018 is set out in Note 8 to the Group's 2018 Annual Report.

13. Loss per share

	Six months ended		Year ended
Basic	30 June 2019	30 June 2018	31 December 2018
Loss attributable to ordinary shareholders (US$'000)	(6,862)	(33,072)	(47,233)
Weighted average number of ordinary shares outstanding	79,810,867	76,454,463	76,836,649
Basic loss per share (in US$ cents)	**(8.60)**	**(43.26)**	**(61.47)**

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased or issued by the Company and held as treasury shares.

	Six months ended		Year ended
Diluted	30 June 2019	30 June 2018	31 December 2018
Loss attributable to ordinary shareholders (US$'000)	(6,862)	(33,072)	(47,233)
Weighted average number of ordinary shares outstanding – basic	79,810,867	76,454,463	76,836,649
Adjustment for share options and share awards	-	-	-
Weighted average number of ordinary shares outstanding – diluted	79,810,867	76,454,463	76,836,649
Diluted loss per share (in US$ cents)	**(8.60)**	**(43.26)**	**(61.47)**

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The categories of dilutive potential ordinary shares of the Group are employee share options, deferred share awards and Joint Share Ownership Plan ("JSOP") awards. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of subscription rights attached to outstanding share options.

13. Loss per share (continued)

No share options have been included in the calculation of diluted earnings per share because they were anti-dilutive for the six months ended 30 June 2019 and 30 June 2018, and for the year ended 31 December 2018, due to the losses recorded by the Group in these periods. The share options could potentially dilute basic earnings per share in the future. The weighted average potential dilutive impact of share options at 30 June 2019 amounted to 667,105 shares (30 June 2018: 2,219,476 shares treated as anti-dilutive; and 31 December 2018: 1,582,283 shares treated as anti-dilutive).

No JSOP or Deferred Share Scheme share awards have been included in the calculation of diluted earnings per share for the six months ended 30 June 2019 and 30 June 2018, or for the year ended 31 December 2018, as these were anti-dilutive due to the losses recorded by the Group in these periods. The share awards could potentially dilute basic earnings per share in the future. The weighted average potential dilutive impact of share awards at 30 June 2019 amounted to 167,390 shares (30 June 2018: 436,063 shares treated as anti-dilutive; and 31 December 2018: 434,761 shares treated as anti-dilutive).

14. Intangible assets

	Software US$'000	Product development US$'000	Total US$'000
Six months ended 30 June 2018			
Opening net book value	363	26,267	**26,630**
Additions	-	-	**-**
Amortisation charge	(112)	(3,118)	**(3,230)**
Impairment charge (Note 7)	-	(19,959)	**(19,959)**
Closing net book value	**251**	**3,190**	**3,441**
Year ended 31 December 2018			
Opening net book value	363	26,267	**26,630**
Additions	-	-	**-**
Amortisation charge	(223)	(6,308)	**(6,531)**
Impairment charge (Note 7)	-	(19,959)	**(19,959)**
Closing net book value	**140**	**-**	**140**
At 31 December 2018			
Cost	2,299	72,900	**75,199**
Accumulated amortisation and impairment	(2,159)	(72,900)	**(75,059)**
Closing net book value	**140**	**-**	**140**
Six months ended 30 June 2019			
Opening net book value	**140**	**-**	**140**
Additions	-	-	**-**
Amortisation charge	(36)	-	**(36)**
Closing net book value	**104**	**-**	**104**
At 30 June 2019			
Cost	2,299	72,900	**75,199**
Accumulated amortisation and impairment	(2,195)	(72,900)	**(75,095)**
Closing net book value	**104**	**-**	**104**

14. Intangible assets (continued)

Intangible assets consist of capitalised development costs and software. These intangibles have finite useful lives and are valued based on actual costs incurred.

Capitalised development costs are amortised over a period of three to five years (the majority being amortised over five years) commencing from when the related product is generally available for use.

Impairment of product development expenditure
The Group is currently reviewing, under a new management team, its approach to market and its product development activities. In this context, it is uncertain as to whether our platform investment will be realised through future revenues and whether the intangible asset will generate future economic benefits. Accordingly, an impairment charge of US$20m was recognised in the six months ended 30 June 2018 and the year ended 31 December 2018, which represented the net book value of the product development intangible asset at 31 December 2018.

Write-off of net product development expenditure incurred in the year ended 31 December 2018
The net product development cost of US$12.4m incurred in 2018 did not meet the recognition criteria for capitalisation in paragraph 21 of IAS 38, *Intangible Assets*. This development expenditure was expensed and classified as an exceptional item in 2018 (see Note 7), due to the materiality and size of the expense.

Future expenditure incurred in respect of these product development activities will be recognised as an expense until such time that it is probable that future economic benefits that are attributable to the asset will flow to the Group. In this context, no product development expenditure was capitalised in the six months ended 30 June 2019.

15. Right of use assets

The movements in right of use assets in the period were as follows:

	30 June 2019 US$'000	**31 December 2018 US$'000**
At start of period	-	-
Implementation of IFRS 16 on 1 January 2019 – recognition of right of use assets in respect of property leases	6,173	-
Depreciation charge	(439)	-
At end of period	**5,734**	**-**

16. Deferred contract fulfilment costs

The movements in the deferred contract fulfilment costs asset in the period were as follows:

	30 June 2019 US$'000	31 December 2018 US$'000
At start of period	11,524	-
Implementation of IFRS 15 on 1 January 2018 – recognition of deferred contract fulfilment costs	-	9,467
Costs incurred to fulfil customer contracts in period	2,345	2,057
Recognition of costs in profit or loss in period	(269)	-
At end of period	**13,600**	**11,524**

The deferred contract fulfilment costs asset at 30 June 2019 and 31 December 2018 is analysed as follows:

	30 June 2019 US$'000	31 December 2018 US$'000
Current		
Costs incurred to fulfil customer contracts	12,908	660
Non-current		
Costs incurred to fulfil customer contracts	692	10,864
Total	**13,600**	**11,524**

Deferred contract fulfilment costs arise from customer service contracts and comprise of staff and contractor/ outsource partner costs incurred up to each reporting period end. These costs are being deferred under IFRS 15 and will be recognised in profit or loss as the related performance obligations are fulfilled.

At 30 June 2019, the Directors are of the opinion that the contract fulfilment costs of US$13.6m (31 December 2018: US$11.5m) will be recovered through related future revenues and that deferral of such costs continues to be appropriate.

The deferred costs are amortised on a systematic basis consistent with the pattern of the transfer of the services to which the asset relates, generally the licence term. There was no transfer of any of the service to which the asset relates in 2018 and as a result there was no associated amortisation.

17. Share capital

During the six months to 30 June 2019, a total of 3,884,000 Datalex plc ordinary shares were issued (six months ended 30 June 2018: 400,950 ordinary shares; year ended 31 December 2018: 1,174,842 ordinary shares). This comprised 3,859,000 ordinary shares which were issued to IIU Nominees Limited ("IIU"), a related party, in respect of a share placing in March 2019, and 25,000 ordinary shares that were issued upon the exercise of employee share options (six months ended 30 June 2018: 400,950 ordinary shares issued upon the exercise of employee share options; year ended 31 December 2018: 1,174,842 ordinary shares issued upon the exercise of employee share options).

Total equity increased in the six months ended 30 June 2019 by US$4,406,000 (representing issued ordinary share capital of US$441,000 and share premium of US$3,965,000) as a result of the share placing and US$9,000 as a result of the exercise of share options (issued ordinary share capital of US$3,000 and share premium of US$6,000).

An amount of US$184,000 was incurred by the Company in relation to the share placing with IIU and which has been charged against retained loss.

There were 81,983,842 ordinary shares in issue at 30 June 2019 (31 December 2018: 78,099,842). Included in the total issued ordinary shares at both 30 June 2019 and 31 December 2018 were 590,000 ordinary shares held by The Datalex Employee Benefit Trust which have been treated as treasury shares.

18. Cash used in operations

	Six months ended		Year ended
	30 June 2019 US$'000	**30 June 2018 US$'000**	**31 December 2018 US$'000**
Loss before income tax	(6,735)	(30,462)	(44,696)
Adjustments for:			
Finance costs before early settlement discount – net	267	114	212
Depreciation	1,037	536	1,258
Amortisation	36	3,230	6,531
Amortisation – contract acquisition costs	357	86	185
Impairment of intangible assets	-	19,959	19,959
Share-based payments cost/ (credit)	41	(240)	(147)
Foreign currency gain on operating activities	(5)	(148)	(144)
LTIP provision movement	12	(220)	(63)
Deferred contract fulfilment costs	(2,076)	(1,026)	(2,057)
Changes in working capital:			
Trade and other receivables	(3,210)	(631)	14
Contract assets	510	1,614	2,481
Trade and other payables	1,193	(884)	1,144
Other provisions	-	164	-
Contract liabilities	(2,566)	3,960	11,622
Cash used in operations	**(11,139)**	**(3,948)**	**(3,701)**

19. Related party transactions

The following transactions were entered into with related parties:

(a) Key management compensation:

Key management personnel include the four Executive Directors who held office during the period (six months ended 30 June 2018: two Executive Directors), the five Non-Executive Directors (six months ended 30 June 2018: five Non-Executive Directors) and seven members of the senior management team (six months ended 30 June 2018: seven members). Key management compensation comprises:

	Six months ended 30 June 2019 US$'000	Six months ended 30 June 2018 US$'000
Emoluments (including Directors' fees)	1,300	1,650
Payment to Executive Director in lieu of notice (1)	196	-
Benefits under long-term equity settled incentive schemes	35	4
Benefits under long-term cash settled incentive scheme	17	(83)
Contributions to defined contribution schemes (2)	52	74
Total	**1,600**	**1,645**

(1) In the six months ended 30 June 2019, a payment in lieu of notice totalling €175,000 (US$196,315) was made to an Executive Director in connection with their resignation as an executive of the Group.

(2) Retirement benefits accrued in the period to three Executive Directors (six months ended 30 June 2018: two Directors) and seven members of the senior management team (six months ended 30 June 2018: seven members) under defined contribution schemes.

The remuneration of, and transactions with, all Non-Executive Directors was as follows:

	Six months ended 30 June 2019 US$'000	Six months ended 30 June 2018 US$'000
Directors' fees	**169**	**181**

(b) Transactions with Tireragh Limited and IIU Nominees Limited:

In March 2019, IIU Nominees Limited, a related party ultimately beneficially owned by Mr. Dermot Desmond, subscribed for 3.859m new ordinary shares in Datalex plc at a price of €1.00 per share (see also Note 17).

As more fully explained in Note 10 above, the Group entered into a secured loan facility agreement with Tireragh Limited, a related party ultimately beneficially owned by Mr. Dermot Desmond, during the six months ended 30 June 2019. At 30 June 2019, the total balance payable to Tireragh Limited under this arrangement was €3,003,288, consisting of loan principal of €3,000,000 and accrued interest of €3,288.

(c) Other:

Details of related party transactions in respect of the year ended 31 December 2018 are contained in Note 28 of the Datalex plc Annual Report 2018. The Group continued to enter into transactions in the normal course of business with its related parties during the period. Except as disclosed in (b) above, there were no transactions with related parties in the first half of 2019 or changes to transactions with related parties disclosed in the 2018 Annual Report that had a material effect on the financial position or performance of the Group.

20. Dividends

The Directors do not propose an interim dividend in respect of the six months ended 30 June 2019 (six months ended 30 June 2018: US$nil).

A dividend of US$3.8m was paid to shareholders on 5 September 2018, representing a dividend of five US cents per share to shareholders who were on the register at 3 August 2018. This dividend was proposed by the Board of Directors on 22 March 2018 and approved by shareholders on 18 June 2018.

On 30 May 2018, Datalex plc received a dividend of US$4.0m from its wholly owned subsidiary, Datalex (Ireland) Limited. As more fully described in Note 26 of the Datalex plc Annual Report 2018, this dividend represented an unlawful distribution from Datalex (Ireland) Limited.

21. Seasonality

Management do not believe that seasonality has a material impact on the business of the Group. Business performance is impacted by the timing of satisfaction of the performance obligations that the Group has been contracted to provide to customers.

22. Events occurring after the statement of financial position date

On 4 September 2019, the Group received a termination notice from Lufthansa AG ("Lufthansa"). The Group strongly disputes the legality of this notice and has commenced proceedings against Lufthansa in Landgericht Frankfurt (Regional Court of Frankfurt) in order to achieve resolution of the matter. The outcome of this process is currently uncertain but a financial loss to the Group cannot be ruled out. At 30 June 2019, a net asset of US$2.1m, representing deferred contract fulfilment costs, trade receivables and after deduction of contract liabilities, was recorded on the Group's statement of financial position in respect of this customer contract.

The Company has been required by the Office of the Director of Corporate Enforcement ("ODCE") to produce, and has produced, a copy of the report of the independent review of accounting issues that was the subject of the Company's announcement on 27 March 2019. The report is the outcome of an independent review of accounting issues that was conducted by PwC in conjunction with the Company's legal advisers and is legally privileged. The Company has assured the ODCE of its full co-operation with the ODCE in its inquiries, subject to appropriate legal protection of its privileged material. A requirement from the ODCE to produce books and records is a procedural matter that does not involve any conclusion that there has been a breach of law by the Company or its officers. The Company takes its corporate governance responsibilities very seriously and seeks to comply at all times with all relevant laws and regulations.

On 12 September 2019, the Group's auditors, Ernst & Young, informed the Company of their resignation as auditors of the Company with immediate effect. The Company is currently engaged in a process to appoint new auditors.

On 3 October 2019, the Company announced the appointment of Christine Ourmières-Widener as a Non-Executive Director. The appointment of Sean Corkery as CEO of the Company on a permanent basis was also announced on that day. On 7 November 2019, David Hargaden was appointed as a Non-Executive Director of the Company and as Chairman of the Board of Directors in place of Sean Corkery.

On 15 November 2019, shareholders approved a re-financing facility agreement (the "Re-financing Facility Agreement") with Tireragh Limited, a related party. Under the terms of the Re-financing Facility Agreement, a further €5m in secured debt funding has been made available to the Company (the "Increased Facility"). The Increased Facility is provided in addition to the existing facility of €6.1m (the "Existing Facility") and has been coupled with a re-financing of, and a capitalisation of interest payable on, amounts drawn down under the Existing Facility. As of the date of this report, an amount of €2.5m had been drawn down by the Company from the Increased Facility.

There were no other events that would impact on the condensed consolidated interim financial statements for the six months ended 30 June 2019, up to the date of issue.

23. Principal risks and uncertainties

(a) Litigation and disputes:

Other than the Lufthansa matter noted above, there has been no material change in the Group's contingent liabilities in respect of the six months ended 30 June 2019 since the approval of the Datalex plc statutory financial statements for the year ended 31 December 2018.

23. Principal risks and uncertainties (continued)

(b) Principal risks:

The principal risks and uncertainties faced by the Group were last outlined on pages 14 and 15 of the Group's 2018 Annual Report. The Annual Report is available on our website *www.datalex.com.* The principal risks and uncertainties facing the Group for the remaining six months of the financial year are listed below:

Risk area	Potential impact	Mitigation	Direction
Quality of service delivery to customers	Cost overruns. Brand damage. Customer loss.	A new organisation structure has been put in place in late 2018 and early 2019 to separate delivery from product development. An improved partner led operating model is in deployment. Our investment roadmap includes development of test automation programmes and continued implementation of Agile methodology to ensure service delivery.	*Stable* We have had significant challenges on deployment which have impacted all customers. Specifically, we underestimated the resources required to service new contracts which are broader in scope. This has had severe financial consequences in terms of the additional costs that have been incurred in the period and in 2018.
Working capital investment	Our investment of US$12.4m in technology and platform in 2018, as indicated in Note 7 to these condensed consolidated interim financial statements, and the operating cash outflows of US$11.1m in the six months to 30 June 2019 have reduced our liquid resources significantly.	New funding of €15m received in 2019 to date. A restructuring has been undertaken that is expected to yield savings of c.US$9m in 2019, and annualised savings of c.US$13m in 2020. We are developing solutions that are easier to sell and deploy.	*Stable* There have been significant financial consequences arising from the deployment overruns referred to above as well as the spend on 2018 and 2019 platform development.
Capabilities to service the business	Ability to execute on serving our customer base and to serve new customers.	A new organisation structure has been put in place to separate delivery from product development. Development of management team including the engagement of external consultants. An improved partner led operating model is in development.	*Increased* Our capabilities have also been impacted by the deployments mentioned above.
Access to funding	An equity fundraising, which is planned to raise sufficient funds to repay shareholder loans and finance the future working capital needs of the Group, will require shareholder support and approval and may be impacted by the ongoing suspension of share trading.	The Company is ensuring that all of its reporting obligations are up to date and has been implementing improved internal control and reporting procedures to support the lifting of the trading suspension. Mr. Dermot Desmond has indicated his support for an equity fundraising.	*Stable* The Group finance function has been strengthened and improved internal control and reporting procedures have been implemented.
Business growth	Financial performance and brand.	A new sales strategy and organisation was put in place in 2018. Development of cloud-enabled components that are easier to sell and deliver. Pursue opportunities in other travel verticals. Competitive brand positioning as the leading provider of digital commerce for travel across sales, customer and partner networks.	*Increased* Given the financial challenges facing the Group it is inevitable that some customers may look to alternative providers. We will have to regain their confidence to have a continuing relationship. We have paused any plans to pursue opportunities in other verticals. We have increased our diligence around choosing opportunities to pursue.
Business interruption and IT Systems Security and Compliance	Financial performance and brand.	Maintain PCI and GDPR compliance. Develop alternatives for single site location systems.	*Stable* The Group has not encountered any IT system or security issues. We continue to invest in infrastructure in these areas.

24. Distribution of interim report

This interim report is available on the Group's website *www.datalex.com*. Copies are also available to the public from the Company's registered office at Block U, EastPoint, Dublin, D03 H704, Ireland.