



Datalex plc
Interim Report
Consolidated Financial Statements
For the six months ended 30 June 2007

Datalex plc

Chief Executive's Review

for the six months ended 30 June 2007

Revenue

I am pleased to announce that our H1 2007 revenue increased to \$15.7 million from \$12.4 million in H1 2006. E-business revenue increased to \$12.8 million (\$8.9 million in H1 2006), primarily due to the transactional model beginning to generate ongoing revenue and an increase in our professional services revenue associated with new and existing customer engagements. Transaction revenues - at \$3.7 million - accounted for 29% of E-business revenue (H1 2006 \$0.7 million, 8% of E-business revenue).

The gross margin increased to 33% in H1 2007 from 27% in H1 2006. This was primarily due to higher margins being earned on the increased transactional revenue.

Profitability/Costs /Other Gains

The loss for the period amounted to \$0.9m (H1 2006 – profit \$1.6m). This arose from increased operating cost pressures in the selling and marketing, and administration area, part of which arose from a weak US dollar. The costs also included a once-off restructuring charge of \$1.2m. Other gains reduced by \$0.9m from the same period last year as a result of foreign exchange fluctuations.

Restructuring

With the transactional model in place, the Group carried out an assessment of its cost base which resulted in a once-off restructuring programme that was completed in Q2, 2007. This restructuring will result in an expected reduction in ongoing annual operating costs of circa \$2m. There was a non-recurring charge associated with this restructuring of \$1.2m.

Balance Sheet

There was an increase in the Group's net worth to \$49.9 million from \$48.1 million at December 2006. Intangible assets increased by \$2.2 million from December 2006 reflecting product development expenditure capitalised in accordance with International Financial Reporting Standards (IFRS). Trade and other receivables increased by \$5.3 million since December 2006 as a result of a number of items: trade debtors and accrued income increased by \$3.6m as a result of increased revenues and invoicing associated with staged project deliveries. Prepayments and other receivables increased by \$1.8 million primarily due to a large VAT receivable. Consequently, cash and cash equivalents reduced to \$23.8 million from \$29.4 million at December 2006. Trade and other payables increased by \$1.1 million.

Future Developments

We continue to be successful in closing transaction revenue contracts but as noted previously these do not add to revenue in the short term. A number of large customers will 'go live' on the transaction based model in Q3 and Q4 2007.

Cormac Whelan
Chief Executive Officer
23 August 2007

Datalex plc

Consolidated Income Statement
for the six months ended 30 June 2007 – unaudited

	Notes	Six months ended 30 June 2007 US\$'000	Six months ended 30 June 2006 US\$'000	Year ended 31 December 2006 US\$'000
Revenue	4	15,668	12,422	26,621
Cost of sales	5	<u>(10,506)</u>	<u>(9,123)</u>	<u>(19,353)</u>
Gross profit		5,162	3,299	7,268
Other gains/(losses) - net		110	981	1,238
Restructuring costs	6	(1,246)	-	-
Selling and marketing costs	5	(2,076)	(1,791)	(4,193)
Administrative expenses	5	<u>(3,330)</u>	<u>(1,421)</u>	<u>(4,144)</u>
Operating (loss)/profit		(1,380)	1,068	169
Interest income		525	511	968
Interest expense		<u>-</u>	<u>(12)</u>	<u>(22)</u>
(Loss)/Profit before income tax		(855)	1,567	1,115
Income tax expense	8	<u>-</u>	<u>(13)</u>	<u>(74)</u>
(Loss)/Profit for the period		<u>(855)</u>	<u>1,554</u>	<u>1,041</u>
(Loss)/Earnings per share (in US\$ cents per share)				
Basic	9	<u>(0.012)</u>	<u>0.023</u>	<u>0.015</u>
Diluted	9	<u>(0.011)</u>	<u>0.021</u>	<u>0.014</u>

Datalex plc
Consolidated Balance Sheet
as at 30 June 2007 - unaudited

	Notes	30 June 2007 US\$'000	30 June 2006 US\$'000	31 December 2006 US\$'000
Assets				
Non-current assets				
Property, plant and equipment		619	1,187	809
Intangible assets	10	<u>11,932</u>	<u>5,123</u>	<u>9,778</u>
		<u>12,551</u>	<u>6,310</u>	<u>10,587</u>
Current assets				
Trade and other receivables	11	13,490	13,004	8,141
Restricted cash and cash equivalents		-	540	-
Cash and cash equivalents		<u>23,825</u>	<u>29,963</u>	<u>29,367</u>
		<u>37,315</u>	<u>43,507</u>	<u>37,508</u>
Total Assets		<u>49,866</u>	<u>49,817</u>	<u>48,095</u>
Equity				
Capital and reserves attributable to equity holders of the company				
Ordinary share capital	12	7,109	6,940	7,003
Other equity share capital		262	262	262
Other reserves		187,107	185,987	186,510
Retained Earnings		<u>(152,161)</u>	<u>(150,793)</u>	<u>(151,306)</u>
Total Equity		<u>42,317</u>	<u>42,396</u>	<u>42,469</u>
Liabilities				
Current liabilities				
Trade and other payables		6,729	7,421	5,626
Provisions for other liabilities and charges	6	<u>820</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>7,549</u>	<u>7,421</u>	<u>5,626</u>
Total equity and liabilities		<u>49,866</u>	<u>49,817</u>	<u>48,095</u>

Datalex plc**Consolidated Statement of Changes in Equity**
for the six months ended 30 June 2007 - unaudited

	Equity share Capital US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Other equity share capital US\$'000	Total equity US\$'000
Balance at 1 January 2006	<u>6,838</u>	<u>185,471</u>	<u>(152,347)</u>	<u>262</u>	<u>40,224</u>
Profit for the period	<u>-</u>	<u>-</u>	<u>1,554</u>	<u>-</u>	<u>1,554</u>
Total recognised income for the period	<u>-</u>	<u>-</u>	<u>1,554</u>	<u>-</u>	<u>1,554</u>
Issue of Ordinary shares on exercise of options	102	458	-	-	560
Employee share option scheme	<u>-</u>	<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>
	<u>102</u>	<u>516</u>	<u>-</u>	<u>-</u>	<u>618</u>
Balance at 30 June 2006	<u>6,940</u>	<u>185,987</u>	<u>(150,793)</u>	<u>262</u>	<u>42,396</u>
Currency translation differences	<u>-</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>139</u>
Net income recognised directly in equity	<u>-</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>139</u>
Loss for the period	<u>-</u>	<u>-</u>	<u>(513)</u>	<u>-</u>	<u>(513)</u>
Total recognised income/(loss) for the period	<u>-</u>	<u>139</u>	<u>(513)</u>	<u>-</u>	<u>(374)</u>
Issue of Ordinary shares on exercise of options	63	328	-	-	391
Employee share option scheme	<u>-</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>56</u>
	<u>63</u>	<u>384</u>	<u>-</u>	<u>-</u>	<u>447</u>
Balance at 31 December 2006	<u>7,003</u>	<u>186,510</u>	<u>(151,306)</u>	<u>262</u>	<u>42,469</u>

Datalex plc**Consolidated Statement of Changes in Equity (continued)**

for the six months ended 30 June 2007 – unaudited

	Equity share Capital US\$'000	Other Reserves US\$'000	Retained earnings US\$'000	Other equity share capital US\$'000	Total Equity US\$'000
Balance at 31 December 2006	<u>7,003</u>	<u>186,510</u>	<u>(151,306)</u>	<u>262</u>	<u>42,469</u>
Loss for the period	<u>-</u>	<u>-</u>	<u>(855)</u>	<u>-</u>	<u>(855)</u>
Total recognised loss for the period	<u>-</u>	<u>-</u>	<u>(855)</u>	<u>-</u>	<u>(855)</u>
Issue of Ordinary shares on exercise of options	106	545	-	-	651
Employee share option scheme	<u>-</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>52</u>
	<u>106</u>	<u>597</u>	<u>-</u>	<u>-</u>	<u>703</u>
Balance at 30 June 2007	<u>7,109</u>	<u>187,107</u>	<u>(152,161)</u>	<u>262</u>	<u>42,317</u>

Datalex plc**Consolidated Cash Flow Statement**

for the six months ended 30 June 2007 – unaudited

	Notes	Six months ended 30 June 2007 US\$'000	Six months ended 30 June 2006 US\$'000	Year ended 31 December 2006 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash (used in)/generated from operations	13	(3,653)	(907)	2,057
Income tax paid		<u>-</u>	<u>(13)</u>	<u>(74)</u>
Net cash (used in)/generated from operating activities		<u>(3,653)</u>	<u>(920)</u>	<u>1,983</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(191)	(499)	(514)
Development of Intangible Asset		(2,983)	(2,378)	(7,723)
Interest received		525	511	968
Movement in restricted cash balance		<u>-</u>	<u>-</u>	<u>540</u>
Net cash used in investing activities		<u>(2,649)</u>	<u>(2,366)</u>	<u>(6,729)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital		650	560	951
Repayment of loan notes		-	-	(540)
Interest paid		<u>-</u>	<u>(12)</u>	<u>(22)</u>
Net cash generated from financing activities		<u>650</u>	<u>548</u>	<u>389</u>
Net decrease in cash and cash equivalents		(5,652)	(2,738)	(4,357)
Foreign currency translation difference		110	-	1,023
Cash and cash equivalents at beginning of period		<u>29,367</u>	<u>32,701</u>	<u>32,701</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>23,825</u>	<u>29,963</u>	<u>29,367</u>

Datalex plc

Notes to the Interim Financial Information

at 30 June 2007 – unaudited (all amounts are in US\$'000)

1. General Information

The principal activity of Datalex plc is the development and sale of a variety of information technology products and services, including hardware, software and IT services, largely to the airline and travel industries.

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

This condensed consolidated interim financial information was approved for issue on 22 August 2007.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2007 has been prepared using the same accounting policies and method of computation as for the year ended 31 December 2006 and has been prepared in accordance with IAS 34 "Interim financial reporting" and the requirements of the Listing Rules of the Irish Stock Exchange. For a more complete discussion of our significant accounting policies and other information, this report should be read in conjunction with our 2006 Annual Report.

This condensed interim financial information does not comprise statutory accounts within the meaning of Section 19 of the Companies (Amendment) Act 1986. The statutory accounts for the financial year ended 31 December 2006 were approved by the Board of Directors on 27 March 2007 and contained an unqualified audit report and will be filed with the Companies Office before 30 September 2007.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2006, as described in the annual financial statements for the year ended 31 December 2006.

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 31 December 2007:

IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures, introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of financial instruments. The new requirements incorporate many additional qualitative and quantitative disclosures on the risks arising from financial instruments. The standard is mandatory for accounting periods beginning on or after 1 January 2007. IFRS 7 and the amendment to IAS 1 will not have a material impact on the group's operations. The group will apply IFRS 7 and the amendment to IAS 1 in the financial year ended 31 December 2007;

IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006), prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. IFRIC 10 will not have a material impact on the group's operations. The group will apply IFRIC 10 in the financial year ended 31 December 2007;

IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006), requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued to establish whether or not they fall within the scope of IFRS 2. IFRIC 8 will not have a material impact on the group's operations. The group will apply IFRIC 8 in the financial year ended 31 December 2007;

4. Segmental information

The group is organised on a worldwide basis into two main business segments: E-business products and services associated with our suite of travel related technology, and consulting revenue, consisting primarily of revenue generated from our consulting activities.

	E-Business US\$'000	Consulting US\$'000	Total US\$'000
Period ended 30 June 2007			
Total revenue	12,529	3,139	15,668
Inter-segment revenue	<u>284</u>	<u>(284)</u>	-
External Revenue	<u>12,813</u>	<u>2,855</u>	<u>15,668</u>
Operating (loss)/ profit for the period	<u>(1,734)</u>	<u>354</u>	<u>(1,380)</u>
	E-Business US\$'000	Consulting US\$'000	Total US\$'000
Period ended 30 June 2006			
Total revenue	9,127	3,295	12,422
Inter-segment revenue	<u>(183)</u>	<u>183</u>	-
External Revenue	<u>8,944</u>	<u>3,478</u>	<u>12,422</u>
Operating profit for the period	<u>492</u>	<u>576</u>	<u>1,068</u>
	E-Business US\$'000	Consulting US\$'000	Total US\$'000
Year ended 31 December 2006			
Total revenue	19,619	7,002	26,621
Inter-segment revenue	<u>544</u>	<u>(544)</u>	-
External Revenue	<u>20,163</u>	<u>6,458</u>	<u>26,621</u>
Operating (loss)/ profit for the period	<u>(478)</u>	<u>647</u>	<u>169</u>

5. Expenses by Nature

Six months	Six months	Year ended
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	ended 30 June 2007 US\$'000	ended 30 June 2006 US\$'000	31 December 2006 US\$'000
Depreciation	336	444	838
Amortisation	875		690
Employee Benefit expense	9,627	8,984	18,940
Other Staff Related Costs	802	569	1,714
Consultant and Contractor	3,383	2,506	5,075
Direct Cost of Sale	1,666	882	2,610
Professional Expenses	201	208	703
Rent and rates	607	493	984
Travel	461	484	1,109
Auditors remuneration			
- audit work	45	45	95
- non audit work	-	-	25
Other	941	1,068	1,395
Capitalised Development Expenditure	<u>(3,032)</u>	<u>(3,348)</u>	<u>(6,488)</u>
Total cost of sales, selling and marketing costs and administrative expenses	<u>15,912</u>	<u>12,335</u>	<u>27,690</u>
Disclosed as:			
-Cost of sales	10,506	9,123	19,353
-Selling and marketing costs	2,076	1,791	4,193
-Administrative expenses	<u>3,330</u>	<u>1,421</u>	<u>4,144</u>
Total	<u>15,912</u>	<u>12,335</u>	<u>27,690</u>

6. Restructuring Provision

	Restructuring US\$'000	Total US\$'000
At 1 January 2007	-	-
- Charged to Income Statement	1,246	1,246
- Utilised during the period	<u>(426)</u>	<u>(426)</u>
At 30 June 2007	<u>820</u>	<u>820</u>

The Group completed restructuring programme in Q2 2007 which will result in an expected reduction in ongoing annual operating costs by approximately \$2m. The remaining provision is expected to be fully utilised by the year end.

7. Employee benefit expense

Six months	Six months	Year ended
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	ended 30 June 2007 US\$'000	ended 30 June 2006 US\$'000	31 December 2006 US\$'000
Wages and salaries	8,466	7,903	16,660
Social security costs	764	742	1,544
Pension costs – defined contribution schemes	345	280	622
Share options granted to directors and employees	<u>52</u>	<u>59</u>	<u>114</u>
	<u>9,627</u>	<u>8,984</u>	<u>18,940</u>

8. Income tax

The tax on the group's profit before tax differs from the theoretical amount that would arise using the Irish domestic tax rate applicable to profits of the consolidated companies due mainly to the utilisation of previously unrecognized tax losses.

	Six months ended 30 June 2007 US\$'000	Six months ended 30 June 2006 US\$'000	Year ended 31 December 2006 US\$'000
Current tax			
Corporation tax on profits for year	-	-	44
Foreign tax refund	-	(8)	-
Adjustments in respect of prior periods	<u>-</u>	<u>21</u>	<u>30</u>
Current tax expense for the period	<u>-</u>	<u>13</u>	<u>74</u>

9. (Loss)/Earnings per share

	Six months ended 30 June 2007 US\$'000	Six months ended 30 June 2006 US\$'000	Year ended 31 December 2006 US\$'000
Basic			
(Loss)/Profit attributable to ordinary shareholders	<u>(855)</u>	<u>1,554</u>	<u>1,041</u>
Weighted average number of ordinary shares outstanding	<u>70,345,722</u>	<u>68,746,352</u>	<u>69,208,596</u>
Basic (loss)/earnings per share (in US\$ cents)	<u>(0.012)</u>	<u>0.023</u>	<u>0.015</u>

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the period after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June 2007 US\$'000	Six months ended 30 June 2006 US\$'000	Year ended 31 December 2006 US\$'000
Diluted			

(Loss)/Profit attributable to ordinary shareholders	<u>(855)</u>	<u>1,554</u>	<u>1,041</u>
Weighted average number of ordinary shares outstanding	70,345,722	68,746,352	69,208,596
Adjustment for share options	<u>7,147,537</u>	<u>5,016,659</u>	<u>6,199,643</u>
Weighted average number of ordinary shares outstanding	<u>77,493,259</u>	<u>73,763,011</u>	<u>75,408,239</u>
Diluted (loss)/earnings per share (in US\$ cents)	<u>(0.011)</u>	<u>0.021</u>	<u>0.014</u>

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The only category of dilutive potential ordinary shares of the group are employee share options. 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 during the period of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

10. Intangible assets

	Six months ended 30 June 2007 US\$'000	Six months ended 30 June 2006 US\$'000	Year ended 31 December 2006 US\$'000
Opening net book amount	9,778	2,745	2,745
Additions	3,029	2,378	7,723
Amortisation charge	<u>(875)</u>	<u>-</u>	<u>(690)</u>
Closing net book value	<u>11,932</u>	<u>5,123</u>	<u>9,778</u>

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

Capitalised development costs are amortised over a period of five years commencing from the product being generally available for sale.

11. Trade and other receivables

	Six months ended 30 June 2007 US\$'000	Six months ended 30 June 2006 US\$'000	Year ended 31 December 2006 US\$'000
Current			
Trade receivables	6,941	7,815	5,066
Less: provision for impairment of receivables	<u>(311)</u>	<u>(530)</u>	<u>(311)</u>
Trade receivables – Net	6,630	7,285	4,755
Prepayments	1,904	3,352	1,273
Accrued income	3,497	2,088	1,746
Other receivables	<u>1,459</u>	<u>279</u>	<u>367</u>
	<u>13,490</u>	<u>13,004</u>	<u>8,141</u>

All amounts fall due within one year.

12. Share Capital

During the period to 30 June 2007, 1,062,717 ordinary shares were issued upon the conversion of employee share options into ordinary share capital.

13. Cash (used in)/generated from operations

	Six months ended 30 June 2007 US\$'000	Six months ended 30 June 2006 US\$'000	Year ended 31 December 2006 US\$'000
(Loss)/Profit for the period	(855)	1,554	1,041
Adjustments for:			
Interest receivable	(525)	(511)	(968)
Interest payable	-	12	22
Income tax paid	-	13	74
Depreciation	336	444	838
Amortisation	875		690
Employee share option amortisation	52	59	114
Foreign Currency gain	(110)		(948)
Movement in provision for other liabilities and charges	1,246	(49)	(49)
Cashflows relating to provision for restructuring	(426)	-	-
Changes in working capital: (excluding the effects of exchange differences on consolidation)			
Trade and other receivables	(5,349)	(3,575)	1,373
Trade and other payables	<u>1,103</u>	<u>1,146</u>	<u>(130)</u>
Cash (used in)/generated from operations	<u>(3,653)</u>	<u>(907)</u>	<u>2,057</u>

14. Related party transactions

The following transactions were carried out with related parties:

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
	US\$'000	US\$'000	US\$'000
Sales of services	<u>284</u>	<u>183</u>	<u>544</u>
Purchases of services	<u>284</u>	<u>183</u>	<u>544</u>

Services are usually negotiated with related parties on a cost basis. The above services relate to consulting services supplied by one of the group's consultancy companies to other companies in the group.

Key management personnel are deemed to be the directors of the company, as only the directors have authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly.

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
	US\$'000	US\$'000	US\$'000
Salaries and other short-term employee benefits	<u>341</u>	<u>296</u>	<u>624</u>

The company has agreements with Michael Quinn and Simon Calver in respect of their consultancy services to the group. At the period end, US\$nil (Six months ended 30 June 2006 US\$nil ; Year ended 31 December 2006 US\$nil) remained outstanding.

15. Contingent liabilities

There has been no material change in our contingent liabilities in the period ended 30 June 2007 since the approval of our statutory financial statements for the year ended 31 December 2006.

16. Seasonality

Management do not believe that seasonality has a material impact on the business of the group.

17. Events occurring after the balance sheet date

There have been no material events subsequent to the period end, which have not been reflected in the interim financial information.

18. Information

The interim report is being sent by post to all registered shareholders. Copies are also available to the public from the Company's registered office at Block U, Eastpoint Business Park, Clontarf, Dublin 3, Ireland.