

Datalex plc Announces Preliminary Results for the year ended 31 December 2007

Dublin, Ireland 11 March, 2008 – Datalex Plc today announced its full year results for the year ended 31 December 2007.

“The results for the year show a loss before tax of US\$2.1m (2006: profit US\$1.1m) on revenues of US\$31.0m (2006: US\$26.6m), and include a once-off restructuring charge of US\$1.2m”, according to Cormac Whelan, Chief Executive Officer of Datalex. “I am pleased to report that total revenue grew by 16% in 2007, driven mainly by a 26% increase in E-business revenue, including a trebling of transaction revenue to US\$7.5m. Growth is expected to continue as the transaction model gains critical mass and generates revenue over a sustained period.

Our cash balances at year end amounted to US\$19.2m (2006: US\$29.4m). The decline of US\$10.2m was largely as a result of ongoing product development investment of US\$6.7m and an increase in net trade receivables of \$6.0m.

The decline in profitability in 2007 can, to a large degree, be attributed to the sustained volatility in foreign currency markets that persisted throughout 2007, which had a significant impact on the group’s cost base. As reported at the interim stage, the group suffered from cost pressures in H1 2007, which were addressed through the restructuring plan. Despite this, further sharp weakening of the dollar in H2 2007 continued to impact negatively on the cost base.

Datalex entered 2007 on the back of the successful launch and deployment of our Travel Distribution Platform (TDP) product suite. In 2007 we transitioned a number of airlines, including Aer Lingus, South African Airways, Saudi Arabian Airlines and Aerovias de Mexico to TDP. We also expanded our footprint in the travel agency segment, by signing up one of the world’s largest travel agencies, Flight Centre.

The global spread and brand quality of our customer base has reinforced Datalex as one of the world’s leading providers of travel software products and has helped ensure a continued healthy pipeline of business growth. In 2007, Datalex software processed over ten million flights worldwide and this is projected to grow substantially over the coming years.

In 2007, we continued to invest in product development, to enhance the customer value of our product suite. We have also developed much closer integration and alignment with our customers as a result of the delivery of our product investment roadmap. This integration has delivered faster implementations; with earlier transaction revenue and a more commercially focused approach to product investment. In 2008 we will continue to enhance our product suite, most significantly with the launch of TDP version 1.3, which will deliver significant new functionality in offline distribution channels, such as call centres and points of sale, thus broadening our potential customer base within the travel industry.”

The following sets out a summary of the results for the year.

	2007	2006
	US\$'000	US\$'000
Revenue	30,973	26,621
Gross Profit	3,852	4,503
Restructuring	1,181	-
(Loss)/profit before income tax	(2,056)	1,115
EBITDA *	(45)	1,697
Total assets	48,106	48,095
Total equity	41,429	42,469

* EBITDA – Earnings before interest, tax, depreciation and amortisation.

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About Datalex

Datalex is a leading provider of travel distribution software and solutions for the global travel industry. Today, millions of online transactions take place via Datalex solutions enabling a better customer experience, maximizing revenues and enabling significant cost savings. Datalex customers include prestigious airlines, hotel and resort groups, and major travel distribution organisations. Datalex has served the travel industry with innovative technology products and solutions for over 20 years and has an in depth understanding of the travel distribution environment.

Founded in 1985, the company is headquartered in Dublin, Ireland, and maintains offices across Europe, the USA and Asia-Pacific. Datalex is a publicly held company traded on the Irish Stock Exchange (symbol: DLE, and also OTC: DLEXY). For more information, please visit the company's web site at www.datalex.com.

This press release contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results.



Datalex plc

Preliminary Results

For the year ended 31 December 2007

Datalex plc Preliminary Results for the year ended 31 December 2007

Consolidated balance sheet as at 31 December 2007

	2007 US\$'000	2006 US\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,157	809
Intangible assets	<u>14,168</u>	<u>9,778</u>
	<u>15,325</u>	<u>10,587</u>
Current assets		
Trade and other receivables	13,497	8,141
Derivative financial instrument	78	-
Cash and cash equivalents	<u>19,206</u>	<u>29,367</u>
	<u>32,781</u>	<u>37,508</u>
TOTAL ASSETS	<u>48,106</u>	<u>48,095</u>
EQUITY		
Capital and reserves attributable to equity holders of the company		
Ordinary share capital	7,165	7,003
Other equity share capital	262	262
Other reserves	187,588	186,510
Retained earnings	<u>(153,586)</u>	<u>(151,306)</u>
TOTAL EQUITY	<u>41,429</u>	<u>42,469</u>
TOTAL LIABILITIES		
Current liabilities		
Trade and other payables	6,677	5,626
TOTAL EQUITY AND LIABILITIES	<u>48,106</u>	<u>48,095</u>

Datalex plc Preliminary Results for the year ended 31 December 2007

Consolidated income statement for the year ended 31 December 2007

	Notes	2007 US\$'000	2006 US\$'000
REVENUE	2	30,973	26,621
Cost of sales		<u>(27,121)</u>	<u>(22,118)</u>
GROSS PROFIT		3,852	4,503
Other gains/(losses) - net		289	1,238
Selling and marketing costs		(2,912)	(3,054)
Administrative expenses		<u>(4,244)</u>	<u>(2,518)</u>
OPERATING(LOSS)/ PROFIT		(3,015)	169
Interest income		959	968
Interest expense		—	<u>(22)</u>
(LOSS)/PROFIT BEFORE INCOME TAX		(2,056)	1,115
Income tax (expense)/refund		<u>(224)</u>	<u>(74)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(2,280)</u>	<u>1,041</u>
(LOSS)/EARNINGS PER ORDINARY SHARE (IN US\$ CENTS PER SHARE)			
Basic	3	<u>(0.032)</u>	<u>0.015</u>
Diluted	3	<u>(0.032)</u>	<u>0.014</u>

Datalex plc Preliminary Results for the year ended 31 December 2007

Consolidated statement of changes in equity

for the year ended 31 December 2007

	Ordinary share Capital US\$'000	Other equity share capital US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 January 2006	6,838	262	185,471	(152,347)	40,224
Currency translation differences	—	—	139	—	139
Net income recognised directly in equity	—	—	139	—	139
Profit for the year	—	—	—	1,041	1,041
Total recognised income for 2006	—	—	139	1,041	1,180
Issue of Ordinary shares on exercise of options	165	—	786	—	951
Employee share option scheme	—	—	114	—	114
	165	—	900	—	1,065
Balance at 31 December 2006	<u>7,003</u>	<u>262</u>	<u>186,510</u>	<u>(151,306)</u>	<u>42,469</u>
	Ordinary share Capital US\$'000	Other equity share capital US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 January 2007	7,003	262	186,510	(151,306)	42,469
Currency translation differences	—	—	188	—	188
Net income recognised directly in equity	—	—	188	—	188
Loss for the year	—	—	—	(2,280)	(2,280)
Total recognised loss for 2007	—	—	188	(2,280)	(2,092)
Issue of Ordinary shares on exercise of options	162	—	807	—	969
Employee share option scheme charge	—	—	83	—	83
	162	—	890	—	1,052
Balance at 31 December 2007	<u>7,165</u>	<u>262</u>	<u>187,588</u>	<u>(153,586)</u>	<u>41,429</u>

Datalex plc Preliminary Results for the year ended 31 December 2007

Consolidated cash flow statement for the year ended 31 December 2007

	2007 US\$'000	2006 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in)/generated from operations	(4,432)	2,057
Income tax paid	<u>(174)</u>	<u>(74)</u>
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(4,606)	1,983
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(986)	(514)
Development of intangible assets	(6,722)	(7,723)
Interest received	959	968
Movement in restricted cash balance	<u>-</u>	<u>540</u>
NET CASH USED IN INVESTING ACTIVITIES	(6,749)	(6,729)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	969	951
Repayment of loan notes	-	(540)
Interest paid	-	<u>(22)</u>
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>969</u>	<u>389</u>
Net decrease in cash and cash equivalents	(10,386)	(4,357)
Foreign exchange difference on cash and cash equivalents	225	1,023
Cash and cash equivalents at beginning of year	<u>29,367</u>	<u>32,701</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>19,206</u>	<u>29,367</u>

Datalex plc Preliminary Results for the year ended 31 December 2007

Datalex plc Supplementary Information

1. Basis of preparation

The preliminary results for the year to 31 December 2007 have been prepared in accordance with the Listing Rules of the Irish Stock Exchange. The financial information presented in this document is derived from the unaudited group financial statements for the year ended 31 December 2007, which has been prepared in accordance with the accounting policies which were set out in the group's 2006 consolidated financial statements. The group's accounting policies will be included in the Annual Report to be published in March 2008.

The financial information set out in this preliminary announcement does not constitute the statutory financial statements of the Group, a copy of which is required to be annexed to the annual return to the Companies Registration Office in Ireland. A copy of the statutory financial statements required to be annexed to the annual return in respect of the year ended 31 December 2006 has in fact been so annexed. A copy of the statutory financial statements in respect of the year ended 31 December 2007 will be annexed to the company's annual return for 2007. The directors expect to approve the financial statements for the year ended 31 December 2007 by 18 March 2008. The auditors report on the full statutory financial statements for the year ended 31 December 2007 has yet to be signed.

This preliminary announcement was approved by the Board of Directors on 10 March 2008.

Datalex plc Preliminary Results for the year ended 31 December 2007

2. 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 and associated revenue. The segment results for the years ended 31 December 2007 and 31 December 2006 are presented in the following table:

	2007 US\$'000 E-business	2007 US\$'000 Consulting	2007 US\$'000 Total	2006 US\$'000 E-business	2006 US\$'000 Consulting	2006 US\$'000 Total
Total revenue	25,313	6,255	31,568	20,163	7,002	27,165
Inter-segment revenue		<u>(595)</u>	<u>(595)</u>	-	<u>(544)</u>	<u>(544)</u>
External revenue	<u>25,313</u>	<u>5,660</u>	<u>30,973</u>	<u>20,163</u>	<u>6,458</u>	<u>26,621</u>
Operating (loss) / profit for the year	(3,902)	887	(3,015)	(478)	647	169
Interest income			959			968
Interest expense			<u>-</u>			<u>(22)</u>
(Loss)/profit before income tax			<u>(2,056)</u>			<u>1,115</u>
Income tax (expense)/refund			<u>(224)</u>			<u>(74)</u>
(Loss)/profit for the year			<u>(2,280)</u>			<u>1,041</u>

Inter-segment services are entered into on a cost basis.

Segmental Information continued...

Other segment items included in the income statement are as follows:

	2007 US\$'000 E-business	2007 US\$'000 Consulting	2007 US\$'000 Total	2006 US\$'000 E-business	2006 US\$'000 Consulting	2006 US\$'000 Total
Depreciation	626	12	638	823	15	838
Amortisation	2,332	-	2,332	690	-	690
Restructuring charge	1,181	-	1,181	-	-	-
Employee share option scheme charge	83	-	83	114	-	114
Impairment/(reversal of impairment) of trade receivables	195	-	195	(50)	-	(50)
Bad debt recovered	(515)	(193)	(708)	(249)	(100)	(349)
Foreign exchange gain	<u>(307)</u>	<u>18</u>	<u>(289)</u>	<u>(1,230)</u>	<u>(8)</u>	<u>(1,238)</u>

The segment assets and liabilities and capital expenditure for the years ended 31 December 2007 and 31 December 2006 are as follows:

	2007 US\$'000 E-business	2007 US\$'000 Consulting	2007 US\$'000 Total	2006 US\$'000 E-business	2006 US\$'000 Consulting	2006 US\$'000 Total
Total Assets	<u>46,211</u>	<u>1,895</u>	<u>48,106</u>	<u>45,672</u>	<u>2,423</u>	<u>48,095</u>
Total Liabilities	<u>5,609</u>	<u>1,065</u>	<u>6,674</u>	<u>4,502</u>	<u>1,121</u>	<u>5,623</u>
Additions to PP & E	<u>976</u>	<u>10</u>	<u>986</u>	<u>514</u>	=	<u>514</u>
Additions to intangibles	<u>6,722</u>	-	<u>6,722</u>	<u>7,723</u>	-	<u>7,723</u>

Segment assets consist primarily of property, plant and equipment, intangible assets, receivables and operating cash. They exclude deferred taxation.

Segment liabilities comprise operating liabilities. They exclude taxation.

Capital expenditure comprises additions to property, plant and equipment.

3. Earnings Per Share

- a) The basic (loss)/earnings per share of (US\$0.032) cent (2006: profit US\$0.015) and the diluted (loss)/earnings per share of (US\$0.032) cent (2006: profit US\$0.014) have been based on the loss for the year attributable to equity holders and on the weighted average number of shares in issue during the year.
- b) The weighted average number of ordinary shares used for calculating earnings per share for 2007 is 70,962,552 (2006: 69,208,596).
- c) The effects of anti-dilutive potential ordinary shares have been ignored in calculating diluted loss per share.