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## 2009 Chairman's Statement



**“I am confident that with a high quality product and a lower cost base, Datalex is well positioned to take advantage when market conditions improve”.**

I am pleased to deliver my first report as Chairman of Datalex plc.

### 2009 Review

2009 was a challenging year for the travel industry worldwide, with the global economic downturn creating extremely difficult trading conditions. IATA has forecast a combined loss for the travel industry of more than \$11 billion for 2009, coming on the back of a \$16.8 billion loss for 2008. The industry has responded to this by cutting back on all operating and capital expenditure, conserving cash and focusing on aggressive sales and marketing campaigns.

Notwithstanding this difficult operating environment, I regret our extremely poor results for 2009. Despite intense examination and due diligence, our targets for the year were too ambitious, especially with the downturn in the world economy.

Our results for the year show an 18% reduction in total turnover to \$27.1m (2008: \$33.0m). This decline came in our professional services and consulting activities, as customers scaled back or deferred discretionary spending on IT systems, and the new business cycle lengthened considerably. On a positive note, in 2009 our transaction revenue grew 24% to \$13.3m, as our customers pushed more sales through their direct channels and targeted additional sources of ancillary revenue such as insurance and car / hotel bookings. This growth, in the most challenging of conditions, highlights the proven ability of our product platform to generate incremental revenue for our customers, and in doing so to drive additional transaction revenue for our business.

We responded to this challenging market by embarking on a significant streamlining of every aspect of our business. This has reduced our total costs of sales, selling and marketing costs and administrative costs before the impact of product development, by \$6.3m in 2009, with a full year projection of more than \$10m for 2010.

The loss before tax for the year of \$4.5m (2008 loss: \$1.4m) includes amortisation of product investment of \$4.1m (2008: \$3.0m) and is after capitalising development expenditure of \$4.5m (2008: \$7.5m). Our projected product development spend in 2010 is approx \$2.5m.

Our cash reserves at 31 December 2009 were \$10.5m, and we anticipate that with a lower cost base, decreasing investment in product development and the stronger dollar, our cash reserves will increase over 2010.

### **Datalex TDP – “World’s leading internet booking engine provider”**

Since 2005 we have invested over \$24m on developing our TDP platform, a platform that generated in excess of \$13m in transaction revenue for Datalex in 2009. We believe we have a world class product suite, and this was publicly recognised in November last, when Datalex was named as the “World’s leading internet booking engine provider” for 2009 at the 16th World Travel Awards.

### **Corporate governance and risk management**

The Board is committed to maintaining the highest standard of corporate governance. The Board is satisfied that the company has effective processes for identifying and managing the risks faced by business. A detailed statement, set out on pages 14 to 19, describes how we have complied with the principles of good governance and the code of best practice as set out in the Combined Code on corporate governance.

### **Litigation**

As outlined in our statement to shareholders on 6 November 2009, we are engaged in litigation with a former customer, Flight Centre Limited (“Flight Centre”) of Australia, arising from their decision not to proceed with the roll out of our software in their travel agency business. In February 2010 we lodged a counterclaim for damages for breach of contract against Flight Centre Limited. It is anticipated that this matter will come before the Queensland Supreme Court towards the end of 2010. As the matter is sub-judice, it would not be appropriate to make any comment on it at this time.

### **Board**

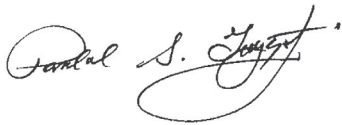
I would like to thank my board colleagues for their valued contributions during 2009. In particular I would like to offer my sincerest thanks, on behalf of the board, to Mr. Michael Quinn, who stepped down as chairman in December 2009, and who retires from the board at our next AGM. Over the course of the last five years in particular, Michael has made a huge contribution to Datalex as the business made the strategic transition to becoming a product software company.

### **Management**

I would like to thank Cormac Whelan CEO, and his management team for their contribution in 2009. Together with our committed and highly skilled workforce, they face into the challenges and opportunities of 2010 and beyond with confidence and optimism.

## **2010 Outlook**

Despite the challenges of the last 18 months, I am confident that with the streamlined business and lower cost base now in place, we are well positioned to take advantage when market conditions improve. Already in 2010 we are seeing an increasing level of activity in the market place, and our sales pipeline is as strong as it has been at any point over the last few years. With a broad consensus that positive economic growth may occur later this year, I believe that Datalex can enter 2010 and beyond with renewed optimism.

A handwritten signature in black ink, appearing to read 'Paschal S. Taggart', with a stylized flourish at the end.

**Paschal Taggart,  
Chairman, Datalex plc  
25 March 2010**

# Chief Executive's Report

## 2009 Overview

2009 was undeniably a difficult year for us, and indeed for all companies involved in the travel industry. According to IATA (International Air Transport Association) 2009 was the worst year on record, with the single largest post war decline in demand ever recorded. The combination of depressed demand for air travel and oil prices in the mid \$70s pushing dozens of airlines into bankruptcy, most travel companies were forced to slash their budgets and defer new investment plans until the market improves.

From a Datalex perspective, our customers responded no differently, reducing IT budget spend and demand for our professional services, with potential new customers deferring plans to invest and withdrawing requests for proposals already issued to the market.

On the positive side, our TDP platform played a key role in managing this crisis, with customers' renewed focus on driving down distribution cost through the direct channel and finding new ways of generating ancillary revenues. Many of our customers, including United Airlines, Frontier Airlines and Aer Lingus yielded significant new revenues from their direct channels. In August, we went live with one of the world's most profitable airlines, Copa Airlines of Panama. We also brought our merchandising platform live at South African Airways in December, allowing customers to purchase car rentals, insurance or hotel bookings as part of the air shopping flow.

In November 2009 we received a public validation of the product strategy we have pursued over the last four years, when we were named as the world's leading internet booking engine provider for 2009 at the annual World Travel Awards in London.

## Financial Review

Our results for 2009 reflect the challenging operating environment described above. Total revenue in 2009 was \$27.1m, down from \$33.0m in 2008, as a result of a drop in our services and consulting revenues, as existing customers responded to their own trading challenges by cutting back on their budgets, and potential new customers deferred investment in their IT systems. In particular our revenue and cash in the second half of 2009 was impacted by the surprise decision of Flight Centre not to proceed with the deployment of our software across their travel agency business. This matter is now the subject of court proceedings in Australia.

On a positive note, our transaction revenue continues to grow, with a 24% increase in 2009 to \$13.3m. This growth reflects the TDP platform's ability to generate incremental on-line revenue for our customers in both air and ancillary revenue sectors.

The decline in overall turnover was in response to this difficult trading environment and consequently, we took a number of important steps to tune our resource model and cost base to reflect the current market reality. This streamlining of the business has helped reduce our costs of sales, selling and marketing costs and administrative costs before the impact of product development, by \$6.3m in 2009, with a full year projection of more than \$10m.

Our loss for the year before tax of \$4.5m (2008 loss: \$1.4m) included amortisation of product development of \$4.1m (2008: \$3.0m) and is after capitalising development expenditure of \$4.5m (2008: \$7.5m). Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$0.1m (2008: \$2.0m).

The results for 2009, while clearly heavily impacted by the difficult trading conditions experienced by our customers in the travel industry and the Flight Centre decision, are undoubtedly disappointing. However the continuing growth in transaction revenue, and the significant steps we have taken to streamline our business and reduce our cost base, does provide optimism for the business once trading conditions improve. A summary of 2009 financial performance, compared to 2008, is set out below.

	<b>2009</b>	<b>2008</b>
	<b>US\$M</b>	<b>US\$M</b>
Revenue	27.1	33.0
Gross Profit	0.5	5.4
Total cost of sales, selling and marketing costs and administrative expenses	31.9	34.1
Development expenditure capitalised	4.5	7.5
Amortisation of development expenditure	<u>(4.1)</u>	<u>(3.0)</u>
Total cost of sales, selling and marketing costs and administrative expenses before impact of product development	32.3	38.6
Loss Before Tax	(4.5)	(1.4)
EBITDA	0.1	2.0
Intangible Assets	18.4	18.6
Cash and cash equivalents	10.5	14.8

Product development expenditure in 2009 amounted to \$4.5m, a reduction of 41% on 2008 (2008: \$7.5m), and this amount has been capitalised in accordance with International Accounting Standards. With the substantial completion of the peak product investment programme in late 2009, it is anticipated that spending on product development from 2010 onwards will be further reduced.

Amortisation of product development was \$4.1m (2008: \$3.0m), resulting in a net R&D credit to our Income Statement of \$0.4m in 2009, compared to a net credit of \$4.5m in 2008.

Our cash balances at year end amounted to \$10.5m (2008: \$14.8m), which is sufficient for the Group's present requirements. The decline of \$4.3m was as a result of the impact of Flight Centre trade receivables of \$2.6m, which were still outstanding at the end of 2009, together with our investment in product development of \$4.5m.

From 2010 onwards, as a result of the further reduction in product development and the significant reduction in our cost base, it is anticipated that the business will be a net generator of cash from operations.

### **Datalex – A Product Software Company**

Over the last four years, we have invested significantly in a product software vision built upon a pioneering market strategy which would bring control, ownership and flexibility to distribution strategies of global travel companies. The World Travel Award recognition in November 2009 validates this strategy, and is recognition of the quality of our product platform.

In 2009, we completed the development of our multi-source, multi point of sale reservations management solution – 'TDP Agent', which is aimed at call centres and retail points of sale. This is an industry first, as a productised solution, and will deliver significant benefits to our customers in terms of sales, revenue and productivity gains.

We also completed our airline merchandising platform which integrates air ancillary services with car / hotel / insurance booking into the shopping and reservations management flow. We estimate over \$500m in ancillary revenues are enabled through TDP merchandising services each year.

With our peak product investment programme now substantially completed, our development focus in 2010 and beyond will be driven by our customers needs, in particular as travel companies look to increase revenue by exploiting merchandising opportunities and offering value added services and products to their customers.

## **Outlook for 2010**

The challenges facing the travel industry in 2009 will continue into 2010. While consumer demand is still affected by general economic conditions, IATA has indicated that some improvement in air traffic has been identified. In the current environment airlines will continue to differentiate fare and fee schedules and look to grow ancillary revenue and merchandising opportunities. Major travel agencies will look to ruthlessly manage costs while looking for cross sell opportunities.

There are signs in the industry that, while a global recovery may not have yet begun, the bottom has been reached and the level of uncertainty that paralysed many businesses in 2009 is lifting. Already in Q1 2010 our TDP platform has gone live with our latest customer, Columbian airline Aero Republica, and we have seen a number of airlines issue requests for proposals in our market, as they seek to ready themselves for any improvement in trading conditions. With the steps we have taken to tune our resource model and cost base to reflect the current level of activity, and the improving pipeline of business prospects, I believe that we have weathered the difficulties of 2009, and that we are well positioned to take advantage of improved market conditions when they do come.

I would like to extend my thanks to the Board for their support and encouragement in 2009. In particular I would like to thank Michael Quinn, who retired as Chairman in December 2009 and who will retire from the Board at the next AGM, for his counsel and support to me and my team over the last five years. I also welcome our new Chairman Paschal Taggart, and look forward to working with him and the whole Board to deliver on our potential in 2010 and beyond.

I congratulate the expertise, vision and commitment of our employees and I thank our customers and business partners for their continued belief in us; we are committed to continuing to deliver value to you, and by doing so ensure mutual success.

Finally, I thank our shareholders for their continued support over the last four years, in particular over these last 12 difficult months, as we transformed and streamlined the business. We are now seeing the benefits of this strategy and we look forward to repaying your faith in us by delivering sustained value to you in 2010.



**Cormac M. Whelan**  
**Chief Executive Officer**  
**25 March 2010**

# Directors and Other Information

DIRECTORS	John Bateson Simon Calver David Kennedy (Finance Director) Peter Lennon Michael Quinn Paschal Taggart (Chairman) Cormac M. Whelan (Chief Executive Officer)
SECRETARY	David Kennedy
REGISTERED OFFICE	Block U East Point Business Park Clontarf Dublin 3.
BANKERS	Bank of Ireland Sutton Cross Dublin 13.  Anglo Irish Bank Corporation Stephen Court 18 – 21 St. Stephen’s Green Dublin 2.
SOLICITORS	Lennon Heather 24/26 City Quay Dublin 2.
AUDITORS	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1.
REGISTERED NUMBER	329175



# Directors' Report

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2009.

## Principal Activity

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

## Review of business and future development

The directors consider that, given the difficult economic conditions prevailing during the year, the development in the group's business and its financial position at the year end was satisfactory. The company has taken a number of steps to streamline the business and reduce its cost base, which should position us well when economic conditions improve. A review of the business is included in the Chief Executive's review.

## Corporate Governance

The directors' report on corporate governance is included on pages 14 to 19 and forms part of this report.

## Principal risks and uncertainties

The principal risks and uncertainties facing the group are considered to be:

- The outcome of litigation to which we are a party;
- Current global economic conditions;
- Continued and increasing competition makes our business vulnerable to market share loss;
- Changing technologies and markets could increase competition, require us to make substantial investments in our business and have negative impact on turnover; and
- Continued volatility in the currency markets could cause our operating result to decline.

## Employees

The group's employees continue to be its most valuable asset and the health and safety of its employees are of particular importance to the Board. The group provides its employees with a safe and healthy work environment. Please see Note 16 to these financial statements for details of our average number of employees.

## Results, total assets and dividends

The consolidated balance sheet at 31 December 2009 and the consolidated income statement for the year are set out on pages 25 and 26 respectively. The consolidated loss before tax for the financial year amounted to US\$4.5m (2008: loss US\$1.4m) and the total assets of the group at 31 December 2009 amounted to US\$39.8m (2008: US\$45.9m)

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

## Subsidiary companies

The information required by the Companies (Amendment) Act, 1986 in relation to subsidiary undertakings is given in Note 6 to these financial statements.

## Books of account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems, procedures and the employment of competent persons. The books of account are maintained at the company's registered office in Block U, East Point Business Park, Clontarf, Dublin 3.

## Substantial shareholdings

During the year the company had been notified of the following interests in its issued share capital:

<b>Name of Holder</b>	<b>Number of US\$0.10 Ordinary Shares</b>	<b>% of Issued* Share Capital</b>
IIU Nominees Limited	12,102,788	16.89%
Gartmore Investment Management Plc	9,142,193	12.76%
Focus Investments Limited	5,256,787	7.34%
Mr. Kevin Anderson	4,983,386	6.96%
Mr. Paschal Taggart	2,660,556	3.71%

\*Percentage of ordinary share capital in issue on 19 March 2010.

Apart from these holdings, the company has not been notified of any other interest of 3% or more in its issued ordinary share capital.

## Share Capital and control

As at 31 December 2009, the company's authorised share capital comprised US\$10,484,000, divided into 100,000,000 ordinary shares of US\$0.10 each, representing 95.4% of the total share capital, 4,500,000 'A' and 'B' convertible redeemable shares of US\$0.10 each, representing 4.3% of the total share capital and 30,000 deferred shares of €1.269738 each, representing 0.3% of the total share capital. The ordinary shares are listed on the Irish Stock Exchange.

The rights attaching to these shares are set out in the notes to these financial statements.

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

Ordinary shares acquired through share option schemes rank pari passu with the shares in issues and have no special rights.

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

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

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

The company is not party to any significant agreements that would take effect, alter or terminate upon a change of control following a takeover bid.

The company does not have any agreements with any director or employee that would provide compensation for loss of office employment resulting from a takeover except that provisions of the company's share option schemes may cause options granted to employees under such schemes to vest on a takeover.

### **Directors and secretary**

The names of the persons who were directors at any time during the year ended 31 December 2009 are set out below. Unless indicated otherwise, they served as directors for the entire year.

John Bateson\*

Simon Calver\*

David Kennedy

Peter Lennon\*

Michael Quinn\*

Paschal Taggart\*

Cormac M. Whelan

(\*denotes non-executive director).

### **Reappointment of directors**

In accordance with the Articles of Association of the company and the Combined Code, Michael Quinn, Peter Lennon and Simon Calver are required to resign as directors and being eligible, Peter Lennon and Simon Calver offer themselves for re-election. Resolutions will be proposed at the Annual General Meeting to reappoint them. Biographical detail of all directors can be found on the group's website.

### **Directors' and secretary's interests**

The directors and secretary (including the interests of spouses and minor children), who were in office at 31 December 2009, and their families, had the following beneficial interests in the share capital of Datalex plc at 31 December 2009 and 31 December 2008, or date of appointment if later:

Director	31 December 2009		31 December 2008	
	Ordinary Shares of US\$0.10 each	Options over Ordinary Shares of US\$0.10 each	Ordinary Shares of US\$0.10 each	Options over Ordinary Shares of US\$0.10 each
John Bateson	–	–	–	–
Simon Calver	300,000	–	–	–
David Kennedy	30,546	360,000	30,546	360,000
Peter Lennon	325,935	24,483	325,935	24,483
Michael Quinn	414,270	50,000	414,270	50,000
Paschal Taggart	2,660,556	–	552,732	–
Cormac M. Whelan	625,000	660,000	525,000	660,000

There have been no changes to the directors' interests outlined above between the year end date and the date of approval of the financial statements.

### Subsequent events

There were no significant events which occurred between 31 December 2009 and the date these financial statements were approved.

### Political Donations

The group and the company did not make any political donations during the year.

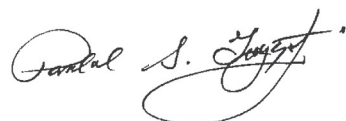
### Development

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

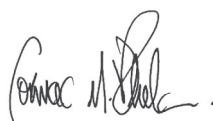
### Auditors

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

### On Behalf of the Board



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

**25 March 2010**

# Statement of Directors' Responsibilities

## Directors' responsibilities for financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the financial statements comply with IFRS as adopted by the European Union; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are also required by applicable law and the Listings Rules issued by the Irish Stock Exchange, to prepare a directors' report and reports relating to directors' remuneration and corporate governance. In accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (the Transparency Regulations), the directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the group.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure the financial statements comply with the Companies Acts 1963 to 2009 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

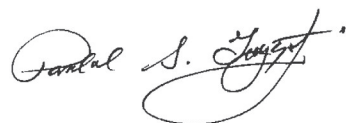
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' statement pursuant to Transparency Regulations

Each of the directors, whose names and functions are listed on page 8 of the annual report confirms that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the company and the group and of the loss of the group; and
- the directors' report contained in the annual report includes a fair review of the development and performance of the business and the position of the company and group, together with a description of the principal risks and uncertainties that they face.

### On Behalf of the Board



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

**25 March 2010**

# Corporate Governance Statement

## Introduction

This statement forms part of the Directors' report set out on pages 9 to 12. The group has adopted the provisions of the Combined Code 2008 (the Code) with effect from 1 January 2009 and is committed to high standards of corporate governance as set out in the Code. The Code can be accessed from the following link: [www.frc.org.uk/corporate/combinedcode.cfm](http://www.frc.org.uk/corporate/combinedcode.cfm).

The Irish Stock Exchange requires Irish listed companies to make a statement on how they have applied the principles and a statement of how they complied throughout the accounting period with the provisions set out in Section 1 of the Code. These statements are set out below.

## Directors

The Board of Directors is responsible for the overall leadership and strategic direction of the group. The names of all the directors can be found in the directors' report of the annual report. At 31 December 2009, the Board comprised seven directors, five non executive directors and two executive directors.

There is a formal schedule of matters reserved for the Board for consideration and decision. These include approving annual operating and capital budgets, acquisitions and joint ventures and decisions on strategic investments and direction. It also monitors group performance against agreed objectives.

The Board met twelve times during the year and the directors are provided in advance of each Board meeting with information to enable them to discharge their duties. Any additional information requested by the directors is readily provided. The directors attended all meetings in 2009, save that, by prior arrangement, Peter Lennon was absent from two meetings and Michael Quinn, John Bateson and Simon Calver were each absent from one meeting. On 3 December 2009, Mr. Pascal Taggart was appointed chairman of the board, replacing Michael Quinn who will retire from the Board at the next AGM.

New directors are provided with extensive briefing papers on the group and on an ongoing basis directors meet with key executives of the group.

The directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and that applicable rules and regulation are complied with. While there have been no formal procedures agreed by the Board for directors to take independent professional advice at the expense of the group, if a situation arises where any director in furtherance of their duties requires it, such independent professional advice shall be made available at the expense of the group.

The directors have varied backgrounds and experience. All directors bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

There were no changes in either of Michael Quinn's or Paschal Taggart's significant commitments during their respective periods in which they served as Chairman of the Group. The Board is aware of the other commitments of its directors and is satisfied that these do not conflict with their duties as non-executive directors of the company.

The senior independent director, Peter Lennon, conducts an annual review of the operation and performance of the Board and all its committees and the performance of the Chairman and directors.

Following this review, the senior independent director is satisfied that the Board, its committees, individual directors and the Chairman are carrying out their responsibilities in accordance with the Code.

The Combined Code defines an “independent director” as one who is “independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgements”.

The Board is aware that some shareholders might question the independence of certain non-executive directors for the following reasons:

- Peter Lennon, through his firm Lennon, Heather & Company is a legal advisor to the group; and
- John Bateson, as representative of one of the largest shareholders in the company, IIU Nominees Limited.

However, it is the belief of the Board that all of the non-executive directors fulfill this definition and this is evidenced by the independence demonstrated during the deliberations of the Board.

Each of the directors are required to submit himself for re-election at the first annual general meeting after their appointment and at least once every three years in accordance with the company’s Articles of Association. The Articles of Association require that, following co-option, directors must resign as a director at the next Annual General Meeting and go before the shareholders for re-election.

## **Board Committees**

The board has an effective committee structure to assist in the discharge of its responsibilities. Each Committee has formal terms of reference approved by the Board and is governed by a statement of general principles and rules of procedure adopted by the Board. Each Committee periodically reports to the Board on its activities.

### **Audit Committee**

The Audit Committee met five times during the year, and at 31 December 2009 comprised John Bateson (appointed as Chairman on 3 December 2009 to replace Paschal Taggart on that date) who has recent and relevant financial experience, Peter Lennon and Simon Calver. The Committee members attended all the meetings during 2009, save that by prior arrangement, John Bateson was absent from two meetings.

The Finance Director and external auditors are invited to attend meetings of the Audit Committee.

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, the external audit, including reviewing the annual financial statements and any formal announcements relating to the group’s financial performance and reviewing significant financial reporting judgements contained in them, considering the scope of the annual audit, monitoring the extent of non-audit work to be performed by the group’s external auditors to ensure that the provision of non-audit services does not impair their independence or objectivity, monitoring the effectiveness of the audit process, advising on the appointment, re-appointment and removal of the external auditors and review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and reviewing the effectiveness of the group’s internal control system.

The terms of reference of the Audit Committee, including its role and the authority delegated to it by the Board, are available on demand from the Company Secretary.

## **Nominations Committee**

The Nominations Committee met once during the year and, at 31 December 2009, comprised Michael Quinn, Paschal Taggart and Simon Calver. All Committee members attended this meeting.

The Nominations Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nominations Committee is responsible for reviewing, from time to time, and identifying and recommending suitable candidates for appointment as directors. The terms of reference of the Nominations Committee, including its role and the authority delegated to it by the Board, are available on demand from the Company Secretary.

The Committee ensures that prior to the appointment of any new director, the director has sufficient available time to discharge their duties as a director.

Prior to the appointment of directors, the Committee evaluates the balance of skill, knowledge, experience and diversity of the Board, and in light of this evaluation, prepares a description of the roles and capabilities required for the appointments. To facilitate the search for suitable candidates, the Committee uses the services of external consultants.

Michael Quinn will retire at the next AGM, and the Nominations Committee has put in place a process to identify and appoint a suitable replacement to the Board.

## **Remuneration Committee**

The Remuneration Committee, details of which are presented in the Remuneration Report, assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the group's policy on executive remuneration, determining the remuneration and benefits of the Executive Directors and recommending and monitoring the remuneration of senior management below Board level. The terms of reference of the Remuneration Committee, including its role and the authority delegated to it by the Board, are available on demand from the Company Secretary. The Committee met once during the year, and all members attended.

The Committee has followed the provisions outlined in Schedule B of the Combined Code, relating to the design of performance related remuneration. The Chairman of the Board is not regarded as independent for Combined Code purposes. The Chairman is a member of the Remuneration Committee and absents himself from discussion around his own remuneration. The Committee meets all other criteria outlined in the Combined Code.

## **Executive Management Team**

The Chief Executive Officer, the Finance Director and other senior management make up the Executive Management team, who have responsibility for assisting the Board in discharging its responsibilities, including the implementation of strategy, allocation of resources and the control of expenditure.

In addition to the above committees, the Board has from time to time established committees to deal with particular matters which have arisen. Such committees operate on the same basis as permanent Committees of the Board.

## **Directors' Remuneration**

The group's remuneration policy for executive directors and details of directors' remuneration are continued in the Remuneration Report.



## Accountability and Audit

The directors' responsibility for preparing the financial statements is explained in the Statement of Directors' Responsibilities and the auditors' responsibilities are set out in the Independent Auditors' Report.

The Board is responsible by law for keeping proper accounting records, which disclose at any time the financial position of the company and the group. The Board is also responsible for overall management of the company and the group including strategy, policy and reporting. In discharging these mandates the Board pays particular attention to economic issues, marketing strategy, investment programmes, financial performance and personnel matters.

## Internal Controls

The directors have overall responsibility for the group's system of internal control.

The directors have delegated responsibility for the implementation of the system of internal control to management. This system includes financial controls which enable the Board to meet its responsibilities for the integrity and accuracy of the group's accounting records. The Audit Committee, a formally constituted committee of the Board, meets on a regular basis and satisfies itself as to the adequacy of the group's internal control systems.

The Audit Committee also meets with, and receives reports from, the external auditors. The group's system of internal control is designed to manage, rather than eliminate, risk of failure to achieve business objectives and therefore provide reasonable, though not absolute, assurance that assets are safeguarded, transactions are authorised and recorded properly, and that material errors or irregularities are either prevented or detected within a timely period.

The directors have performed an annual review of the effectiveness of the group's systems of internal control for the year ended 31 December 2009, and up to and including the date of approval of the financial statements. There were no significant failings or weaknesses identified by the review of the effectiveness of the systems of internal control. The group has in place procedures to identify, evaluate and manage significant risks in accordance with the Turnbull Guidelines on the Combined Code. These procedures were in place for the full year under review, and up to and including the date of approval of the financial statements, and accord with the Turnbull guidance (2005). The process is subject to review by the Board.

The key procedures established by the directors, with a view to providing effective internal control, include the following:

- The Board has responsibility for the identification of key business risks faced by the group;
- The organisation structure has clearly defined lines of authority;
- There is a formal schedule of matters reserved for the Board;
- A comprehensive system of financial reporting involving periodic reporting, budgeting and variance analysis of all business units;
- An Audit Committee, made up of independent non-executive directors which reviews key control matters;
- There are policies and procedures in relation to financial controls, capital expenditure, operational risk and treasury and credit risk management; and
- All investments decisions are subject to formal levels of authorisation and approval.

The group has also put in place a system of identifying and reporting on risks and associated controls. The Board has reviewed the outputs from this process during the year and adopted the risks and controls as appropriate for monitoring and reporting. The Board has also reviewed the risks identified to ensure they are still relevant for monitoring.

The group does not have an internal audit function. The Board has considered the need for one as required by the Combined Code but has agreed that it is not warranted given the size and complexity of the group.

### **Communications with shareholders**

Communications with shareholders are given high priority and there is regular dialogue with individual institutional shareholders, as well as general presentations at the time of the release of the annual and interim results. The annual and interim results are posted on the group's web-site. In addition two interim management statements are issued during the year and these are also posted on the group's website.

The company's Annual General Meeting affords shareholders the opportunity to question the Chairman and the Board. A description of the rights of shareholders is set out in Note 9 to these financial statements. Periodically, the CEO and Finance Director meet with shareholders and any feedback from these meetings is circulated to the Board. The senior independent director is available to shareholders if contact through normal channels is inappropriate, or has failed to resolve concerns.

### **Shareholders' rights at shareholder meetings and the exercise of such rights**

Only those shareholders registered on the Company's register of members at the prescribed record date, being a date not more than 48 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting.

The Irish Companies Acts 1963 to 2009 ("the Acts") require that resolutions of the general meeting be passed by the majority of votes cast (ordinary resolution) unless the Acts or the Company's articles of association provide for 75% majority of votes cast (special resolution). The Company's articles of association provide that the chairman has a casting vote in the event of a tie.

A member entitled to attend, speak and vote at a general meeting is entitled to appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.

Under the Acts, the Company must answer any question a member asks relating to the business being dealt with at the general meeting unless: (i) answering the question would interfere unduly with the preparation for the general meeting or the confidentiality and business interests of the Company; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it appears to the Chairman of the meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

### **Key powers of the shareholder meeting**

The business of the Company is managed by the Directors who may exercise all the powers of the Company as are not by the Acts or by the Articles required to be exercised by the Company in general meeting. Matters reserved by the Acts to the shareholders in general meeting include:

- election of directors;
- payment of dividends;
- appointment of external auditors;
- amendments of the articles of association;
- measures to increase or reduce the share capital; and
- authority to issue shares.

### **Going concern**

After making enquires, the directors are satisfied that the company, and the group as a whole, has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in preparing the financial statements.

### **Compliance statement**

The group has applied the principles and provisions of the Code throughout the year ended 31 December 2009, with the following exceptions:

- The group does not have an internal audit function. The Board has considered the need for one as required by the Code but has agreed that it is not warranted given the size and complexity of the group; and
- The Chairman of the group Michael Quinn resigned on 3 December 2009 and on the same date was replaced by Paschal Taggart, both of whom are members of the Remuneration Committee. The Code states that all members of this Committee be independent but the Code does not consider the position of the Chairman to be independent. The Board has considered this and wants to take advantage of the Chairman's skills and experience in this area.

# Remuneration Report

## Introduction

This report deals with directors' remuneration for the year ended 31 December 2009. This report is divided into two parts. Part I of this report contains unaudited information and Part II contains audited information.

## Part I – This part of the remuneration report is unaudited

### Remuneration Policy

The group's policy in respect of the remuneration of executive directors is to provide remuneration packages, which attract, retain, motivate and reward, the executives concerned and, by ensuring strong links between performance and reward, which encourage them to enhance the group's performance. In considering such packages, cognisance is taken of: the levels of remuneration for comparable positions; the responsibilities of the individual concerned; their individual performances against specific and challenging objectives; and overall group performance. Share options are granted to employees on the basis of their responsibilities and, where relevant, their past performance.

### Remuneration Committee

The Remuneration Committee comprises Peter Lennon as Chairman, Michael Quinn and Paschal Taggart, who have no financial interest other than as shareholders, in the matters to be decided by the Committee and no potential conflicts of interests arising from cross-directorship. The Committee has responsibility for determining, within agreed terms of reference, the group's policy on compensation of directors and senior executives, and making recommendations to the Board on the remuneration of directors and senior executives.

Michael Quinn will retire from the board at the next AGM and will be replaced on the Remuneration Committee by John Bateson.

### Executive Directors

Cormac M. Whelan and David Kennedy are the only executive directors and both are subject to a service contract. These contracts have no fixed term and may be terminated by either party giving six months' notice. The current basic annual salary payable under these contracts is €285,000 (2008: €300,000) and €156,750 (2008: €165,000) respectively. Annual performance related bonuses may also be determined by the Remuneration Committee. These contracts also allow for a 7.5% contribution of basic salary into a pension, permanent health and life assurance schemes. These arrangements are subject to continuous review by the Remuneration Committee. During the year, both of the Executives Directors agreed to waive their directors' fees of €39,200.

Non-executive directors' fees of US\$110,000 (2008: US\$84,000) were accrued at the year end.

### Non-Executive Directors

The company agreed with its non-executive directors to pay each non-executive director €37,800 per annum from 1 May 2009 (2008: €42,000) in respect of their services as directors. From 1 May 2009 the Chairman is paid an annual fee of €75,600 per annum (2008: €84,000).

## Share performance

The price range during the period from 1 January 2009 to 31 December 2009 was €0.30 to €0.14.

## Part II – This part of the remuneration report is audited.

### Remuneration of directors

The following table sets out the remuneration of the directors during their period on the Board in 2009:

Director	Basic Salary & fees US\$'000	Pension Contributions US\$'000	2009 Total US\$'000	2008 Total US\$'000
John Bateson	55	–	55	62
Simon Calver	55	–	55	62
David Kennedy	225	6	231	12
Peter Lennon	55	–	55	62
Michael Quinn	110	–	110	124
Paschal Taggart	55	–	55	62
Cormac M. Whelan	408	10	418	474
<b>Total</b>	<b>963</b>	<b>16</b>	<b>979</b>	<b>858</b>

### Pensions

Pensions for executive directors are provided under a defined contribution pension scheme. The total contributions payable for the executive directors under the scheme for the year ended 31 December 2009 were US\$16,000 (2008: US\$34,000).

The total contributions accrued for Cormac M. Whelan, the executive director, under the scheme at the year ended 31 December 2009 were US\$10,000 (2008: US\$nil).

### Directors' interests in share options

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

	At 1 January 2009	Granted during the year	Forfeited during the year	At 31 December 2009	Exercise price	Date from which exercisable	Expiry date
David Kennedy	360,000	–	–	360,000	€0.54	01/02/2009	01/02/2019
Peter Lennon	24,483	–	–	24,483	US\$0.84	24/09/2002	24/09/2011
Michael Quinn	50,000	–	–	50,000	€0.39	14/01/2003	14/01/2013
Cormac M. Whelan	660,000	–	–	660,000	€0.40	14/01/2005	14/12/2014

# Independent auditors' report to the members of Datalex plc

We have audited the group and parent company financial statements ("the financial statements") of Datalex plc for the year ended 31 December 2009 which comprise the Consolidated and Company Balance Sheets, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes. We have also audited the disclosures contained in Part II of the Remuneration Report. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, Part II of the Remuneration Report and the financial statements, in accordance with applicable Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and Part II of the Remuneration Report in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union. We report to you our opinion as to whether the parent financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2009. We also report to you whether the financial statements and Part II of the Remuneration Report have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009 and Article 4 of the IAS Regulation. We state whether we have obtained all the information and explanations we consider necessary for the purpose of our audit, and whether the company balance sheet is in agreement with the books of account. We also report to you our opinion as to:

- Whether the company has kept proper books of account;
- Whether the directors' report is consistent with the financial statements; and
- Whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting of the company; such a financial situation may exist if the net assets of the company, as stated in the company balance sheet, are not more than half of its called up share capital.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of the Irish Stock Exchange regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report. We review whether the Corporate Governance

Statement reflects the company's compliance with the nine provisions of 2008 FRC Combined Code specified for our review by the Listings Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Review, the Directors' Report, the Statement of Directors' Responsibilities, the Corporate Governance Statement and Part I of the Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and Part II of the Remuneration Report. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and Part II of the Remuneration Report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- The group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 31 December 2009 and of its loss and cash flows for the year then ended;
- The parent company financial statements give a true and fair view in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2009, of the state of the parent company's affairs as at 31 December 2009 and cash flows for the year ended; and
- The financial statements and Part II of the Remuneration Report have been properly prepared in accordance with the Companies Acts, 1963 to 2009 and Article 4 of the IAS Regulation.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the company balance sheet on page 30 are more than half of the amount of its called-up share capital and, in our opinion on that basis there did not exist at 31 December 2009 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

### **Emphasis of Matter – possible outcome of lawsuit**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in Note 22 to the financial statements concerning the possible outcome of a lawsuit, where the group is the defendant. The group has filed a counter action, and proceedings on both actions are ongoing. The directors currently believe this claim will not result in a material adverse effect on the business and consequently no provision for any liability that may result has been made in the financial statements.

**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**One Spencer Dock, North Wall Quay, Dublin 1**

**25 March 2010**



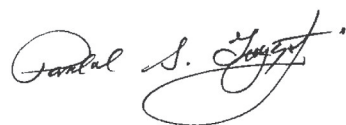
# Consolidated Balance Sheet

As at 31 December 2009

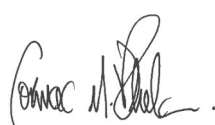
	Notes	2009 US\$'000	2008 US\$'000
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment	4	549	789
Intangible assets	5	18,445	18,586
		<b>18,994</b>	<b>19,375</b>
<i>Current Assets</i>			
Trade and other receivables	7	10,302	11,285
Derivative financial instrument	12	–	443
Cash and cash equivalents	8	10,458	14,816
		20,760	26,544
<b>TOTAL ASSETS</b>		<b>39,754</b>	<b>45,919</b>
<b>EQUITY</b>			
<i>Capital and reserves attributable to equity holders of the company</i>			
Ordinary share capital	9	7,165	7,165
Other equity share capital	9	262	262
Other reserves	10	187,478	187,787
Retained earnings		(159,919)	(155,094)
<b>TOTAL EQUITY</b>		<b>34,986</b>	<b>40,120</b>
<b>TOTAL LIABILITIES</b>			
<i>Current liabilities</i>			
Trade and other payables	11	4,593	5,721
Current income tax liabilities		175	78
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,754</b>	<b>45,919</b>

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

## On Behalf of the Board



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

25 March 2010

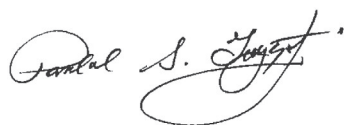
# Consolidated Income Statement

For the year ended 31 December 2009

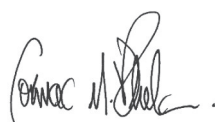
	Notes	2009 US\$'000	2008 US\$'000
Revenue	13	27,094	33,039
Cost of sales	14	(26,642)	(27,679)
<b>GROSS PROFIT</b>		<b>452</b>	<b>5,360</b>
Selling and marketing costs	14	(1,891)	(2,735)
Administrative expenses	14	(3,390)	(3,648)
Other gains/(losses)	15	199	(726)
<b>OPERATING LOSS</b>		<b>(4,630)</b>	<b>(1,749)</b>
Finance income	17	94	339
<b>LOSS BEFORE INCOME TAX</b>		<b>(4,536)</b>	<b>(1,410)</b>
Income tax charge	18	(289)	(98)
<b>LOSS FOR THE YEAR</b>		<b>(4,825)</b>	<b>(1,508)</b>
<b>LOSS PER SHARE(in US\$ cents per share)</b>			
Basic and diluted	19	(6.7)	(2.1)

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

## On Behalf of the Board



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

25 March 2010

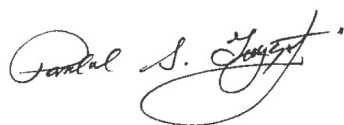
# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

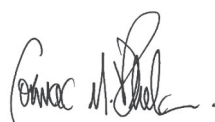
	2009 US\$'000	2008 US\$'000
Loss for the year	(4,825)	(1,508)
<b>Other comprehensive income:</b>		
Foreign Currency translation adjustments	(381)	155
<b>Comprehensive income and expense for the year</b>	<b>(5,206)</b>	<b>(1,353)</b>

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

**On Behalf of the Board**



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

**25 March 2010**

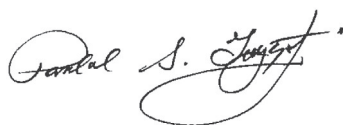
# Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

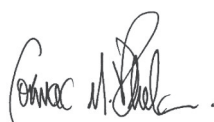
	Equity share capital	Other equity share capital	Other reserves	Retained earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2008</b>	<b>7,165</b>	<b>262</b>	<b>187,588</b>	<b>(153,586)</b>	<b>41,429</b>
Total comprehensive income and expense for the year	-	-	155	(1,508)	(1,353)
Issue of ordinary shares on exercise of options	-	-	1	-	1
Employees share option scheme charge	-	-	43	-	43
<b>Balance at 31 December 2008</b>	<b>7,165</b>	<b>262</b>	<b>187,787</b>	<b>(155,094)</b>	<b>40,120</b>
<b>Balance at 1 January 2009</b>	<b>7,165</b>	<b>262</b>	<b>187,787</b>	<b>(155,094)</b>	<b>40,120</b>
Total comprehensive income and expense for the year	-	-	(381)	(4,825)	(5,206)
Employees share option scheme charge	-	-	72	-	72
<b>Balance at 31 December 2009</b>	<b>7,165</b>	<b>262</b>	<b>187,478</b>	<b>(159,919)</b>	<b>34,986</b>

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

## On Behalf of the Board



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

25 March 2010

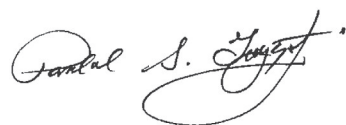
# Consolidated Cash Flow Statement

For the year ended 31 December 2009

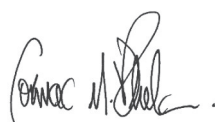
	Notes	2009 US\$'000	2008 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	20	948	4,093
Income tax paid	18	(200)	(98)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>748</b>	<b>3,995</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4	(191)	(201)
Additions to intangible assets	5	(4,662)	(7,588)
Interest received	17	94	339
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(4,759)</b>	<b>(7,450)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of share capital	9	–	1
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>–</b>	<b>1</b>
Net decrease in cash and cash equivalents		(4,011)	(3,454)
Foreign exchange gain/(loss) on cash and cash equivalents		(347)	(936)
Cash and cash equivalents at beginning of year		14,816	19,206
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>8</b>	<b>10,458</b>	<b>14,816</b>

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

## On Behalf of the Board



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

25 March 2010

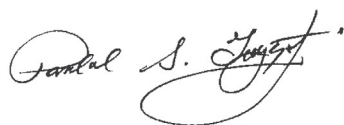
# Company Balance Sheet

As at 31 December 2009

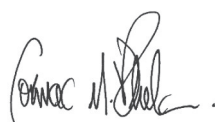
	Notes	2009 US\$'000	2008 US\$'000
<b>ASSETS</b>			
<i>Non current assets</i>			
Investments in subsidiaries	6	45,318	45,318
<i>Current Assets</i>			
Trade and other receivables	7	2,544	2,403
Cash and cash equivalents	8	–	137
		2,544	2,540
<b>TOTAL ASSETS</b>		<b>47,862</b>	<b>47,858</b>
<b>EQUITY</b>			
<i>Capital and reserves attribute to equity holders of the company</i>			
Ordinary share capital	9	7,165	7,165
Other equity share capital	9	262	262
Other reserves	10	359,599	359,527
Retained earnings		(319,165)	(319,097)
<b>TOTAL EQUITY</b>		<b>47,861</b>	<b>47,857</b>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade and other payables	11	1	1
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>47,862</b>	<b>47,858</b>

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

## On Behalf of the Board



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

25 March 2010

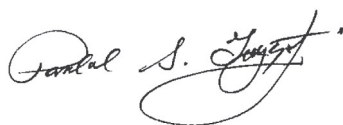
# Company Statement of Changes in Equity

For the year ended 31 December 2009

	Equity share capital US\$'000	Other equity share capital US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total Equity US\$'000
<b>Balance at 1 January 2008</b>	<b>7,165</b>	<b>262</b>	<b>359,483</b>	<b>(319,063)</b>	<b>47,847</b>
Total comprehensive income and expense for the year	-	-	-	(34)	(34)
Issue of ordinary shares on exercise of options	-	-	1	-	1
Employees share option scheme charge	-	-	43	-	43
<b>Balance at 31 December 2008</b>	<b>7,165</b>	<b>262</b>	<b>359,527</b>	<b>(319,097)</b>	<b>47,857</b>
<b>Balance at 1 January 2009</b>	<b>7,165</b>	<b>262</b>	<b>359,527</b>	<b>(319,097)</b>	<b>47,857</b>
Total comprehensive income and expense for the year	-	-	-	(68)	(68)
Employees share option scheme charge	-	-	72	-	72
<b>Balance at 31 December 2009</b>	<b>7,165</b>	<b>262</b>	<b>359,599</b>	<b>(319,165)</b>	<b>47,861</b>

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

## On Behalf of the Board



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

**25 March 2010**

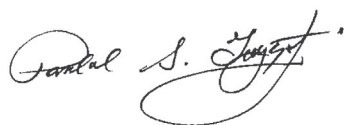
# Company Cash Flow Statement

For the year ended 31 December 2009

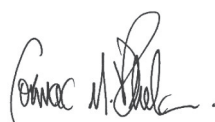
	Notes	2009 US\$'000	2008 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated (used in)/from operations	20	(137)	65
<b>NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES</b>		<b>(137)</b>	<b>65</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	9	–	1
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>–</b>	<b>1</b>
Net decrease in cash and cash equivalent		(137)	66
Cash and cash equivalents at beginning of year		137	71
<b>CASH and CASH EQUIVALENTS AT END OF YEAR</b>		<b>–</b>	<b>137</b>

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

## On Behalf of the Board



**Paschal Taggart**  
Director



**Cormac M. Whelan**  
Director

**25 March 2010**



# Notes to the consolidated financial statements

For the year ended 31 December 2009

## 1 General information

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

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

These group and parent company financial statements were authorised for issue by the Board of Directors on 25 March 2010.

## 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations adopted by the European Union (EU) and with those parts of the Companies Act 1963 to 2009 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the measurement of the fair value of share options and derivative financial instruments. A summary of the more important group accounting policies is set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

### 2.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings made up to the relevant year end. The subsidiary undertakings' financial periods are all coterminous with those of the company. The group has availed of the exemption under IFRS 1 and has not applied IFRS 3 retrospectively to business combinations prior to the date of transition to IFRS.

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when

assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

## **2.3 Revenue recognition**

The group's revenue consists primarily of revenues from the sale of technology products and services. Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the group's activities. Revenue is shown net of value-added-tax, returns, rebates and discounts and after eliminating sales within the group. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

### *(a) Transaction Based Model*

Under the transaction based model, there are currently two types of contract in operation: transaction and service fee, and transaction fee only. Where there is more than one element to the transaction, revenue is allocated between the elements on the basis of each element's fair value. The fair values of each element are determined based on the current market price of the elements when sold separately.

#### *(i) Transaction and Professional Service Fees*

Under this model, a customer is charged a fee per transaction processed on the group's software. Transaction revenue is recognised on invoicing the customer monthly or quarterly in arrears in respect of agreed transactions processed in the previous month or quarter.

In addition, a service fee is charged to customise the software to customer's specific requirements. If the service is on a contracted time and material basis, then the revenue is recognised as and when the services are performed. If it is a fixed fee, then the services revenue is recognised under the percentage of completion contract accounting method. The group measures percentage of completion based on labour hours incurred to date as a proportion of total hours allocated to the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management. Transaction and service fee based contracts vary in length but are typically 5 years in duration. Unbilled revenues are recognised as revenue during the month the service is provided or the transaction is recorded.

#### *(ii) Transaction Fees Only*

Under this model, a customer is charged a fee per transaction processed, as set out in (i) above. Transaction based contracts vary in length but are typically 5 years in duration. Unbilled revenues are recognised as revenue during the month the transaction is recorded.

### *(b) Professional Service Fees*

The group charges a service fee to customise software to customers' specific requirements. If the service is on a contracted time and material basis, then the revenue is recognised as and when the services are performed. Alternatively, revenue is recognised under the percentage of completion contract accounting

method as customisation and implementation services. The group measures percentage of completion based on labour hours to date as a proportion of total labour hours allocated to the contract.

*(c) Consulting and associated revenue*

The group's consulting and associated revenue primarily consists of revenue generated from the group's consulting activities. Consulting revenue is derived from fees contracted under service agreements. Revenue related to consulting services performed by the group are billed at the contracted hourly rate and revenue is recognised as the services are performed.

## **2.4 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team. The group has identified two reportable segments, E-business and Consulting under IFRS 8.

## **2.5 Intangible assets**

**(a) Research and development expenditure**

Research expenditure is recognised as an expense as incurred. Directly attributable costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- i) it is technically feasible to complete the intangible asset so that it will available for use or sale;
- ii) management intends to complete the intangible asset and use or sell it;
- iii) there is an ability to use or sell the intangible asset;
- iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised include the software development employee costs, related management time and an appropriate portion of relevant overheads.

Other development expenditure that does not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life of three to five years.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are not yet available for use are tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

## 2.6 Property, plant & equipment

Property, plant & equipment are stated at historical cost less accumulated depreciation and impairment losses. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset, on a straight-line basis over its expected useful life as follows:

Fixtures and fittings	5 years
Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

## 2.7 Taxation

Current tax is calculated on the profit for the period. Taxable profits differ from the net profits as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The group's liability for current tax is calculated using rates that have been enacted or substantially enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

## 2.8 Government grants

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

Government grants including research and development tax credits are deducted in arriving at the

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

## **2.9 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the income statement within selling and marketing cost. When a trade receivable is uncollectable, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

## **2.10 Employee Benefits**

### *(a) Pension obligations*

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

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

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

### *(b) Share-based payment transactions*

The group and company operate equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by the reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the estimate of the number of options that are expected to become exercisable is revised. The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the options are exercised.

IFRS 2 need not be applied to grants before 7 November 2002, or to grants after 7 November 2002 but which had vested before the later of 1 January 2005 or the date of transition to IFRS. The group has availed of this exemption and has only applied IFRS 2 to those options outstanding on 1 January 2005.

## 2.11 Foreign currency translation

### *(a) Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US dollars, which is the company's functional and presentation currency.

### *(b) Transactions balances*

Foreign currency translations are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### *(c) Group companies*

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rate unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the date of the transaction; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net qualifying investment in foreign operations are taken to shareholders' equity.

The group has availed of the exemption in IFRS 1, whereby the cumulative translation differences for all foreign operations were deemed to be reset to zero at the date of transition to IFRS.

### *(d) Derivative Financial Instruments*

The group uses forward foreign exchange contracts to manage its exposure to foreign exchange risks arising from operational activities. These derivative financial instruments are recognised on inception at fair value. Any gain or loss arising from the re-measurement of the fair value of forward foreign exchange contracts are reported in the Income Statement within "Other Gains/(Losses)".

## 2.12 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the income statement on a straight-line basis over the period of the lease.

## 2.13 Cash and cash equivalents

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

## **2.14 Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **2.15 Investment in subsidiaries**

Investments in equity shares in subsidiaries included in the company balance sheet are stated at cost less provision for impairment. Such investments are tested for impairment at each balance sheet or earlier if events or circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised in the income statement as the amount by which the asset's carrying amount exceeds its recoverable amount.

## **2.16 Trade Payables**

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

## **2.17 Provisions**

Provisions for restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **2.18 Finance Income**

Interest income is recognised on a time-proportion basis using the effective interest method.

## **2.19 Impairment of non-financial assets**

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 3 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *(a) Providing for litigation and contingencies*

The group is a party to lawsuits and claims consisting primarily of commercial matters, which are being handled and defended in the ordinary course of business.

The group reviews the current status of any pending or threatened proceedings with the group's legal counsel on a regular basis. In determining whether provisions are required with respect to pending or threatened litigation, management reviews the following:

- the period in which the underlying cause of the pending or threatened litigation or of the actual or possible claim or assessment occurred;
- the degree of probability of an unfavourable outcome; and
- the ability to make a reasonable estimate of the amount of loss.

Upon considering the above and other known relevant facts and circumstances, the group recognises any loss that is considered probable and reasonably quantifiable as of the balance sheet date.

For further details of litigation and disputes, please see Note 22.

#### *(b) Capitalisation of development costs*

Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. These calculations require the use of estimates, primarily around the level of directly attributable management time and an appropriate portion of relevant overheads.

#### *(c) Impairment of intangible assets*

The group undertakes a review for impairment annually or if events or circumstances indicate that the carrying amount may not be recoverable. Factors which the group considers trigger an impairment review include, but are not limited to the following:

- Significant negative industry or economic trends;
- Current, historical or projected losses that demonstrate continuing losses; or
- Results of fair market valuations.

Impairment is measured as the excess of carrying value over the recoverable amount of the long lived asset. Management incorporates estimates when evaluating the carrying amount, the recoverable amount, the value in use and their fair value. Changes in these estimates may directly affect the amount of any impairment charge recorded. Details of the assumptions used in the impairment test are set out in Note 5.



The value in use of intangible assets is primarily dependent upon projected cash flows, WACC and estimated growth rates. An alteration to the assumptions may result in an impairment loss in subsequent years, which could have a negative effect on our operating result and net assets. Our future cash flows would not be impacted by any impairment provision.

For further details of our impairment review, please see Note 5.

*(d) Establishing lives for amortisation purposes of intangible assets*

The group has significant levels of intangible assets. The amortisation charge is dependent on the estimated lives allocated to each type of intangible asset. The directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives and the expected pattern of consumption of the future economic benefits embodied in the asset. Changes in asset lives can have a significant impact on amortisation charges for the period.

Detail of the useful lives is included in Note 2 and the related intangible assets are set out in Note 5.

Useful lives are based on management's estimate of the period over which the asset will generate revenue. If the useful lives had increased by an average of 1 year in the year ended 31 December 2009, then our amortisation charge would have reduced by \$0.8m. If the useful lives had decreased by an average of 1 year in the year ended 31 December 2009, then our amortisation charge would have increased by \$1.5m.

*(e) Providing for doubtful debts*

The group expects that some debts due will not be paid as a result of the default of a small number of customers. The group uses estimates based on historical experience in determining the level of debts which the group believes will not be collected. These estimates include such factors as the current state of the global economy and particular industry issues. The continuing downturn in the global economy, negative industry trends or increased concentration of credit risk, could require an increase in the estimated level of debts that will not be collected, which would negatively impact the operating results. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in reduction in the level of bad debt provision, would have a positive impact on the operating results. The level of provision is reviewed on an ongoing basis.

## 4 Property, Plant and Equipment

	Fixtures & Fittings US\$'000	Computer Equipment US\$'000	Total US\$'000
<b>At 1 January 2008</b>			
Cost	566	4,512	5,078
Accumulated depreciation	(423)	(3,498)	(3,921)
Net Book Amount	143	1,014	1,157
<b>Year ended 31 December 2008</b>			
Opening net book amount	143	1,014	1,157
Additions	24	177	201
Depreciation charge	(21)	(548)	(569)
Closing net book amount	146	643	789
<b>At 31 December 2008</b>			
Cost	590	4,689	5,279
Accumulated depreciation	(444)	(4,046)	(4,490)
<b>Net book amount</b>	<b>146</b>	<b>643</b>	<b>789</b>
<b>Year ended 31 December 2009</b>			
Opening net book amount	146	643	789
Additions	19	172	191
Depreciation charge	(18)	(413)	(431)
Closing net book amount	147	402	549
<b>At 31 December 2009</b>			
Cost	609	4,861	5,470
Accumulated depreciation	(462)	(4,459)	(4,921)
<b>Net book amount</b>	<b>147</b>	<b>402</b>	<b>549</b>

Depreciation of US\$396,000 (2008: US\$523,000) has been charged in cost of sales and US\$35,000 (2008: US\$46,000) in administrative expense in the income statement.

## 5 Intangible Assets

	Software US\$'000	TDP Development US\$'000	Total US\$'000
<b>At 1 January 2008</b>			
Cost	501	16,869	17,370
Accumulated amortisation	(178)	(3,024)	(3,202)
Net Book Amount	323	13,845	14,168
<b>Year ended 31 December 2008</b>			
Opening net book amount	323	13,845	14,168
Additions	79	7,509	7,588
Amortisation charge	(167)	(3,003)	(3,170)
Closing net book amount	235	18,351	18,586
<b>At 31 December 2008</b>			
Cost	580	24,378	24,958
Accumulated amortisation	(345)	(6,027)	(6,372)
<b>Net book amount</b>	<b>235</b>	<b>18,351</b>	<b>18,586</b>
<b>Year ended 31 December 2009</b>			
Opening net book amount	235	18,351	18,586
Additions	203	4,459	4,662
Government grant assistance	–	(532)	(532)
Amortisation charge	(212)	(4,059)	(4,271)
Closing net book amount	226	18,219	18,445
<b>At 31 December 2009</b>			
Cost	783	28,305	29,088
Accumulated amortisation	(557)	(10,086)	(10,643)
<b>Net book amount</b>	<b>226</b>	<b>18,219</b>	<b>18,445</b>

Amortisation of US\$4.3m (2008: US\$3.2m) is included in the cost of sales in the income statement. The weighted average remaining amortisation period of the TDP development is 47 months.

Management has identified two individual cash generating units (CGU), E-business and Consulting. The groupings represent the lowest level at which the related assets are monitored for internal management purposes. As the TDP intangible assets are an integral part of the E-business CGU, these assets were assessed for impairment as part of the overall E-business CGU as at 31 December 2009.

An impairment test was carried out at 31 December 2009 at the E-Business CGU level, by comparing the asset's recoverable amount (based on the higher of its value in use and fair value less costs to sell) with its carrying amount. The recoverable amount was calculated on the basis of value in use, using the discounted cash flow (DCF) method.

These calculations use pre tax cash projections based on financial budgets approved by management covering a five year period. No terminal value has been allocated. The key assumptions used for value-in-use calculations were gross margin of 57%, average growth rate of 2% and a discount rate of 10%. Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the group's revenue projections. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

If the estimated pre-tax discount rate used in the impairment calculations were 32 percentage points higher, the value in use would equal the net carrying amount.

If the gross margin used in the impairment calculations were 20 percentage points lower, the value in use would equal the net carrying amount.

If the average growth assumptions used in the impairment calculations were 6.3 percentage points lower, the value in use would equal the net carrying amount.

The group's revenue projections are relatively concentrated on a small number of significant customers. The loss of a small number of customers without replacement may result in a significant change to the estimated net future cash flows used in the above calculations.

## 6 Investment in Subsidiaries

<b>Company only</b>	<b>2009</b>	<b>2008</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Investment in subsidiaries	45,318	45,318

The company has investments in the following principal subsidiary undertakings.

<b>Company Name</b>	<b>Ordinary Shares</b>	<b>Nature of Activity</b>	<b>Registered Office</b>
Datalex (Ireland) Limited	100%	Development and sale of software	Block U, East Point Business Park, Clontarf, Dublin 3, Ireland.
Datalex USA, Inc.	100%	Sale of computer software	2325 Lakeview Parkway Suite 600 Alpharetta, GA, 30009 USA.
Datalex Netherlands B.V	100%	IT services	Parlevinker 21, 1186 ZA Amstelveen, The Netherlands.
Teamwork Solutions Limited	100%	Sale of computer software	Bank House, 9 Charlotte St. Manchester, Lancashire, M1 4EU, UK

## 7 Trade and other receivables

	<b>Group 2009 US\$'000</b>	<b>Group 2008 US\$'000</b>	<b>Company 2009 US\$'000</b>	<b>Company 2008 US\$'000</b>
Trade receivables	7,638	7,872	–	–
Less: provision for impairment (a)	(656)	(527)	–	–
Trade receivables - Net	6,982	7,345	–	–
Amounts owed by group undertakings	–	–	2,485	2,341
Other receivables	1,126	248	–	–
Prepayments	639	828	59	62
Accrued income	1,555	2,864	–	–
	<b>10,302</b>	<b>11,285</b>	<b>2,544</b>	<b>2,403</b>

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

(a) The amount of the provision for impairment of trade receivables was US\$0.7m as of 31 December 2009 (2008: US\$0.5m). The provision is determined and provided for on the basis that a portion of these trade receivables is expected to be recovered. The group uses estimates based on customer specific information in determining the level of debts, which the group believes, will not be collected. The estimates include such factors as the current state of the economy and particular industry issues. The level of provision required is reviewed on an ongoing basis. Trade receivables which are neither impaired nor past due relate to a number of independent customers for whom there is no recent history of default.

### Ageing of trade receivables

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

	<b>Ageing analysis of past due</b>				<b>Neither impaired nor past due US\$'000</b>	<b>Impaired US\$'000</b>	<b>Total US\$'000</b>
	<b>Less than 30 days US\$'000</b>	<b>Between 31-60 days US\$'000</b>	<b>Between 61-90 days US\$'000</b>	<b>More than 90 days US\$'000</b>			
At 31 Dec 2009	1,224	999	208	2,236	2,295	676	7,638
At 31 Dec 2008	1,101	377	464	1,690	3,619	621	7,872

Included in past due but not impaired trade receivables is US\$2.6m, receivable from one customer which is in dispute. For further discussion of this, please see Note 22.

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

	<b>2009</b>	<b>2008</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At 1 January	527	506
Additional provisions	129	21
Unused amounts reversed	–	–
At 31 December	<b>656</b>	<b>527</b>

The creation and release of provision for impaired receivables have been included in Selling and Marketing costs in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

(b) The majority of the group's customers, primarily representing major corporations, operate within the airline and travel industry. As at 31 December 2009, a significant portion of the trade receivables of the group related to four customers as follows:

	<b>2009</b>	<b>2008</b>
Customer A	34%	14%
Customer B	11%	11%
Customer C	8%	0%
Customer D	7%	8%

(c) Amounts owed by group undertakings are interest free, unsecured and are repayable on demand. The Board has reviewed these amounts for impairment. Following this review, no provision for impairment was deemed necessary. See Note 21 for further details.

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

	<b>Group</b>	<b>Group</b>
	<b>2009</b>	<b>2008</b>
	<b>US\$'000</b>	<b>US\$'000</b>
US\$	5,597	4,466
Euro	1,381	2,364
Sterling	660	991
Australian Dollar	–	51
	<b>7,638</b>	<b>7,872</b>

## 8 Cash and Cash Equivalents

	<b>Group 2009 US\$'000</b>	<b>Group 2008 US\$'000</b>	<b>Company 2009 US\$'000</b>	<b>Company 2008 US\$'000</b>
Cash at bank and in hand	4,167	6,578	–	137
Short-term bank deposits	6,291	8,238	–	–
	<b>10,458</b>	<b>14,816</b>	<b>–</b>	<b>137</b>

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

The group's currency exposure is set out below. Such exposure comprises the cash and cash equivalents of the group that are denominated other than in US dollars. As at 31 December 2009 these exposures were as follows:

<b>Non-US\$ denominated monetary assets</b>	<b>2009 US\$'000</b>	<b>2008 US\$'000</b>
Euro	4,351	2,651
Sterling	744	2,217
Australian dollar	–	1,924
Singapore dollar	24	8
<b>Total non US\$</b>	<b>5,119</b>	<b>6,800</b>

## 9 Share Capital

<b>Authorised Share Capital – Group and Company</b>	<b>2009</b>	<b>2008</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Equity Share Capital:</b>		
100,000,000 ordinary shares of US\$0.10 each	10,000	10,000
<b>Other equity share capital</b>		
3,000,000 'A' convertible redeemable shares of US\$0.10 each	300	300
1,500,000 'B' convertible redeemable shares of US\$0.10 each	150	150
30,000 deferred shares of €1.269738 each	38	38
	488	488
	<b>10,488</b>	<b>10,488</b>

### Issued Share Capital – Group and Company

	<b>Ordinary shares</b>	<b>Ordinary</b>	<b>Convertible</b>	<b>Convertible</b>	<b>Deferred</b>	<b>Deferred</b>
	<b>No. of shares</b>	<b>shares</b>	<b>Redeemable</b>	<b>Redeemable</b>	<b>shares</b>	<b>shares</b>
			<b>shares</b>	<b>shares</b>	<b>No. of</b>	<b>shares</b>
			<b>('A' and 'B')</b>	<b>('A' and 'B')</b>	<b>shares</b>	
			<b>No. of</b>			
	<b>'000</b>	<b>US\$'000</b>	<b>shares</b>	<b>US\$'000</b>	<b>'000</b>	<b>US\$'000</b>
<b>At 1 January 2008</b>	<b>71,649</b>	<b>7,165</b>	<b>2,542</b>	<b>254</b>	<b>30</b>	<b>8</b>
Issuance of ordinary shares on exercise of options	3	–	–	–	–	–
<b>At 31 December 2008</b>	<b>71,652</b>	<b>7,165</b>	<b>2,542</b>	<b>254</b>	<b>30</b>	<b>8</b>
Issuance of ordinary shares on exercise of options	–	–	–	–	–	–
<b>At 31 December 2009</b>	<b>71,652</b>	<b>7,165</b>	<b>2,542</b>	<b>254</b>	<b>30</b>	<b>8</b>

### Rights attaching to shares

All issued shares are fully paid except the 30,000 deferred shares which are partly paid.

#### Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the company.



#### *'A' and 'B' convertible redeemable shares*

On 1 October 2001, the conversion rights of the holder attaching 'A' convertible redeemable shares expired. The only convertible redeemable shares in existence at 31 December 2009 were the 'B' convertible redeemable shares. The convertible redeemable shares have no participation rights in relation to profits and surplus in a winding up, no contractual obligations to deliver funds in a winding up and the holders are not entitled to attend or vote at any general meeting of the company.

#### *Deferred shares*

All deferred shares issued have no participation rights in relation to profits and surplus in a winding up, and the holders are not entitled to attend or vote at any general meeting of the company.

### **Employee share options schemes**

The group operates two employee share option schemes.

#### *Group share option scheme*

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

The exercise price of all options granted is equal to the market price of the shares on the date of grant.

#### *UK share option scheme*

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

### **Summary of employee share options activity (number of options)**

	<b>Group share option scheme– standard vesting</b>	<b>Group share option scheme– non standard vesting*</b>	<b>UK share option scheme</b>	<b>Total</b>
Outstanding at beginning of year	3,614,221	581,428	79,700	4,275,349
Granted during the year	78,000	–	–	78,000
Exercised during the year	–	–	–	–
Forfeited during the year	(119,000)	–	–	(119,000)
<b>Outstanding at end of year</b>	<b>3,573,221</b>	<b>581,428</b>	<b>79,700</b>	<b>4,234,349</b>

\*These options (non-standard vesting periods) have vested and are exercisable at the year end.

## Summary of employee share scheme activity

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

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>No. of shares subject to conversion price and option</b>	<b>Weighted Average Exercise price (US\$)</b>	<b>No. of shares subject to conversion price and option</b>	<b>Weighted Average Exercise price (US\$)</b>
Outstanding at beginning of year	4,275,349	0.56	5,009,458	0.67
Issued during the year	78,000	0.30	520,000	0.68
Exercised during the year	–	–	(3,333)	0.50
Forfeited during the year	(119,000)	0.96	(1,250,776)	0.63
<b>Outstanding at end of year</b>	<b>4,234,349</b>	<b>0.61</b>	<b>4,275,349</b>	<b>0.56</b>
Exercisable at end of year	3,728,345	0.87	3,544,013	0.78

There were no share options exercised in 2009. Options exercised in 2008 resulted in 3,333 shares being issued at US\$0.50 each. The related weighted average share price at the time of exercise was US\$0.78 per share.

The fair value of options granted during the year determined using the binomial valuation model was US\$2,130 (2008: US\$1,127,742). The weighted average fair value per option was US\$0.03 (2008: US\$0.14). The significant inputs into the model were share prices of €0.20 and €0.21 (2008: €0.30; €0.54 and €0.56) at the grant date (being the market price of shares at the date of grant), exercise price (which is the same as the share price at the grant date), dividend yield of nil (2008: nil), risk-free interest rate of 2.5% (2008: 4.5%) expected option life of 3 years (2008: 3 years) and the standard deviations of expected share price returns of 8.36% and 8.58% (2008: 15.3%; 12.16% and 14.47%). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years.

Share options outstanding at the end of the year have the following exercise price ranges and expiry dates:

<b>Exercise price range remaining</b>	<b>Number of options</b>	<b>Weighted average Contractual life (in months)</b>
Lesser than US\$0.30	64,000	113
US\$0.30 to US\$0.50	377,549	65
US\$0.51 to US\$0.70	1,743,153	166
US\$0.71 to US\$0.90	1,306,897	51
Greater than US\$0.90	742,750	67
<b>Total</b>	<b>4,234,349</b>	

## 10 Other Reserves

Group	Share premium US\$'000	Other Capital Reserves US\$'000	Other Reserves US\$'000	Foreign currency translation US\$'000	Total US\$'000
<b>Balance at 1 January 2008</b>	<b>81,590</b>	<b>105,308</b>	<b>245</b>	<b>445</b>	<b>187,588</b>
Issuance of ordinary shares on exercise of options	1	–	–	–	1
Share option scheme charge	–	–	43	–	43
Currency translation differences	–	–	–	155	155
<b>Balance at 31 December 2008</b>	<b>81,591</b>	<b>105,308</b>	<b>288</b>	<b>600</b>	<b>187,787</b>
Issuance of ordinary shares on exercise of options	–	–	–	–	–
Share option scheme charge	–	–	72	–	72
Currency translation differences	–	–	–	(381)	(381)
<b>Balance at 31 December 2009</b>	<b>81,591</b>	<b>105,308</b>	<b>360</b>	<b>219</b>	<b>187,478</b>

Other capital reserves in the consolidated balance sheet consist of a capital reserve of US\$108,242,000, representing the share premium of Datalex (Ireland) Limited at the date of the merger with Datalex plc on 4 August 2000, reduced by a debit merger reserve of US\$2,934,000. The merger reserve of US\$2,934,000 is the difference between the nominal value of the shares issued and the nominal value of the issued share capital of Datalex (Ireland) Limited at the date of the merger.

Other reserves relate to the fair value of employee share options.

Company	Share premium US\$'000	Other reserves US\$'000	Total US\$'000
<b>Balance at 1 January 2008</b>	<b>359,238</b>	<b>245</b>	<b>359,483</b>
Issuance of ordinary shares on exercise of options	1	–	1
Share option scheme charge	–	43	43
<b>Balance at 31 December 2008</b>	<b>359,239</b>	<b>288</b>	<b>359,527</b>
Issuance of ordinary shares on exercise of options	–	–	–
Share option scheme charge	–	72	72
<b>Balance at 31 December 2009</b>	<b>359,239</b>	<b>360</b>	<b>359,599</b>

## 11 Trade and other payables

	<b>Group 2009 US\$'000</b>	<b>Group 2008 US\$'000</b>	<b>Company 2009 US\$'000</b>	<b>Company 2008 US\$'000</b>
Trade Payables	1,493	2,092	–	–
Accruals	2,166	2,894	1	1
Deferred income	307	414	–	–
Pension contribution	59	81	–	–
Social security and other taxes	568	240	–	–
	<b>4,593</b>	<b>5,721</b>	<b>1</b>	<b>1</b>

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

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

	<b>2009 US\$'000</b>	<b>2008 US\$'000</b>
US\$	1,159	1,456
Euro	250	424
Sterling	84	177
Australian Dollar	–	35
	<b>1,493</b>	<b>2,092</b>

## 12 Derivative Financial Instruments

	<b>2009</b>		<b>2008</b>	
	<b>Assets US\$'000</b>	<b>Liabilities US\$'000</b>	<b>Assets US\$'000</b>	<b>Liabilities US\$'000</b>
Fair value gain on forward foreign exchange contracts	–	–	443	–

There were no outstanding forward foreign exchange contracts at 31 December 2009. See Note 15 for further details. The principal amount of the outstanding forward foreign exchange contracts at 31 December 2008 was US\$5.8m.

## 13 Segmental information

Management has determined the operating segments based on the reports reviewed by the executive management team that are used to make strategic decisions. The executive management team assesses the performance of the operating segments based on a measure of EBITDA.

The executive management team considers the business from a product perspective. Management considers the performance of E-business and Consulting.

The reportable operating segments derive their revenue primarily from the sale of products and services associated with our suite of travel related technology and consulting revenue.

The segment information provided to the executive management team for the reportable segments for the year ended 31 December 2009 is as follows:

	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
	<b>E-business</b>	<b>Consulting</b>	<b>Total</b>	<b>E-business</b>	<b>Consulting</b>	<b>Total</b>
	<b>US'000</b>	<b>US'000</b>	<b>US'000</b>	<b>US'000</b>	<b>US'000</b>	<b>US'000</b>
Revenue	22,521	5,295	27,816	27,305	6,553	33,858
Inter-segment revenue	–	(722)	(722)	–	(819)	(819)
<b>External Revenue</b>	<b>22,521</b>	<b>4,573</b>	<b>27,094</b>	<b>27,305</b>	<b>5,734</b>	<b>33,039</b>
EBITDA	(583)	655	72	1,668	322	1,990
Depreciation	413	18	431	548	21	569
Amortisation	4,271	–	4,271	3,170	–	3,170
Operating (loss)/profit	(5,267)	637	(4,630)	(2,050)	301	(1,749)
Finance income			94			339
Loss before taxation			(4,536)			(1,410)
Income tax			(289)			(98)
<b>Loss after taxation</b>			<b>(4,825)</b>			<b>(1,508)</b>

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.

A reconciliation of EBITDA to loss before tax is provided as follows:

	<b>2009</b>	<b>2008</b>
	<b>US\$'000</b>	<b>US\$'000</b>
EBITDA	72	1,990
Depreciation	(431)	(569)
Amortisation – Development Costs	(4,059)	(3,003)
Amortisation – Software	(212)	(167)
Finance income	94	339
<b>Loss before tax</b>	<b>(4,536)</b>	<b>(1,410)</b>

### Segment assets and liabilities

The amounts provided to executive management team with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

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

	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
	<b>E-business</b>	<b>Consulting</b>	<b>Total</b>	<b>E-business</b>	<b>Consulting</b>	<b>Total</b>
	<b>US'000</b>	<b>US'000</b>	<b>US'000</b>	<b>US'000</b>	<b>US'000</b>	<b>US'000</b>
<b>Reportable segment assets:</b>						
Intangible assets						
– Development	18,220	–	18,220	18,351	–	18,351
– Software	–	226	226	–	235	235
Other assets	19,858	1,450	21,308	25,132	1,669	26,801
<b>Total reportable segment assets</b>	<b>38,078</b>	<b>1,676</b>	<b>39,754</b>	<b>43,483</b>	<b>1,904</b>	<b>45,387</b>
<b>Unallocated assets:</b>						
Derivative financial instruments			–			443
Deferred tax			–			89
<b>Total assets</b>			<b>39,754</b>			<b>45,919</b>

The amounts provided to the executive management team with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	2009 E-business US'000	2009 Consulting US'000	2009 Total US'000	2008 E-business US'000	2008 Consulting US'000	2008 Total US'000
<b>Reportable segment liabilities:</b>						
Reportable segment liabilities	(3,427)	(1,166)	(4,593)	(4,563)	(1,158)	(5,721)
<b>Unallocated liabilities:</b>						
Current tax			(175)			(78)
<b>Total liabilities</b>			<b>(4,768)</b>			<b>(5,799)</b>

Revenues from external customers are derived from the sales of E-Business products and services associated with our suite of travel related technology and Consulting revenue.

#### Analysis of revenue by category

	2009 US\$'000	2008 US\$'000
Transaction revenue	13,281	10,732
Professional services	7,474	14,131
Consultancy	4,573	5,734
Other	1,766	2,442
<b>Total Revenue</b>	<b>27,094</b>	<b>33,039</b>

The entity is domiciled in the Republic of Ireland. Revenue from external customers in the Republic of Ireland is US\$3.2m (2008: US\$3.3m) and revenue from external customers from other countries is US\$23.9m (2008: US\$29.7m).

The total of non-current assets located in the Republic of Ireland is US\$18.4m (2008: US\$18.5m), and total of these non-current assets located in other countries is US\$0.6m (2008:US\$0.9m).

A significant portion of the revenue of the group was derived from the following external customers as follows, all of whom relate to the E-business segment, with the exception of Customer E:

	2009	2008
Customer A	14%	12%
Customer B	12%	10%
Customer C	12%	10%
Customer D	11%	1%
Customer E	11%	10%
Customer F	3%	11%

## 14 Expenses by nature

	2009 US\$'000	2008 US\$'000
Employee benefit expense (Note 16)	15,617	16,216
Consultants and contractors	6,147	6,155
Depreciation (Note 4)	431	569
Amortisation (Note 5)	4,271	3,170
Hosting	1,895	1,636
Rent and rates	1,340	1,413
Professional expenses	562	717
Third Party Services	516	874
Travel	533	1,080
Auditors remuneration		
– Audit work	138	152
– Non-audit work	–	5
– Tax advisory services	146	79
Other	327	1,996
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>31,923</b>	<b>34,062</b>

Disclosed as:

	2009 US\$'000	2008 US\$'000
Cost of sales	26,642	27,679
Selling and marketing costs	1,891	2,735
Administrative expenses	3,390	3,648
<b>Total</b>	<b>31,923</b>	<b>34,062</b>

## 15 Other gains/(losses)

	2009 US\$'000	2008 US\$'000
Net foreign exchange gain/(loss)	275	(1,169)
Forward foreign exchange contract (loss)/gain	(76)	443
<b>Total Other gains/(losses)</b>	<b>199</b>	<b>(726)</b>



## 16 Employee benefit expense

	2009 US\$'000	2008 US\$'000
Wages and salaries	16,809	19,749
Social security costs	1,578	1,600
Pension costs-defined contribution plans	308	656
Employee benefit expense before capitalisation	18,695	22,005
Capitalised labour	(3,150)	(5,832)
	<b>15,545</b>	<b>16,173</b>
Share options granted to directors and employees	72	43
<b>Total</b>	<b>15,617</b>	<b>16,216</b>

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

	2009	2008
Product development and delivery	137	135
Sales and marketing	9	12
Administration	18	17
<b>Total</b>	<b>164</b>	<b>164</b>

The total number of persons employed by the group (including executive directors) at 31 December 2009 were 149 (2008: 170).

The group carried out an assessment of its cost base which resulted in a once-off restructuring programme that was completed in Quarter 4 of 2009. There was a non-recurring charge associated with this restructuring of US\$0.3m.

The group operates a number of defined contribution pension schemes in which the majority of group employees participate. The assets of these schemes are held separately from those of the group in independently administered funds. The pension charge represents contributions payable by the group to the schemes and amounted to US\$308,188 in respect of 2009 (2008:US\$656,000), of which US\$59,000 (2008:US\$81,000) was accrued at the year-end.

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

## 17 Finance income

	2009 US\$'000	2008 US\$'000
Interest income on bank deposits	94	339
<b>Total</b>	<b>94</b>	<b>339</b>

## 18 Income tax

(a) Income tax	2009 US\$'000	2008 US\$'000
<b>Current Tax</b>		
Corporation tax on profits for the year	–	98
Foreign tax on profits for the year	200	–
Adjustment in respect of previous periods	–	–
Total current tax	200	98
<b>Deferred Tax</b>		
Origination and reversal of temporary differences	89	–
<b>Income tax expense</b>	<b>289</b>	<b>98</b>

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

	2009 US\$'000	2008 US\$'000
Loss before tax	(4,536)	(1,410)
Loss before tax multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2008:12.5%)	(567)	(176)
Expenses not deductible/income not taxable	7	60
Utilisation of previously unrecognised tax losses and other tax assets	(254)	(430)
Difference in effective tax rates on overseas earnings	80	(949)
Tax losses for which no deferred tax asset was recognised	904	1,528
Other	30	65
<b>Tax charge</b>	<b>200</b>	<b>98</b>

### (b) Deferred Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The offset amounts are as follows:

	2009 US\$'000	2008 US\$'000
<b>Deferred tax assets</b>		
Deferred tax asset to be recovered after more than 12 months	–	(89)
<b>Deferred tax liabilities</b>		
Deferred tax liability to be recovered after more than 12 months	–	89

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

<b>Deferred tax liabilities</b>	<b>Timing differences on development expenditure US\$'000</b>	<b>Other US\$'000</b>	<b>Total US\$'000</b>
<b>At 1 January 2008</b>	1,488	344	1,832
Recognised in income charge/(credit)	(1,488)	(255)	(1,743)
At 31 December 2008	–	89	89
Recognised in income charge	–	(89)	(89)
<b>At 31 December 2009</b>	–	–	–

<b>Deferred tax assets:</b>	<b>Tax losses US\$'000</b>	<b>Total US\$'000</b>
At 1 January 2008	1,832	1,832
Recognised in income charge	(1,743)	(1,743)
At 31 December 2008	89	89
Recognised in income charge	(89)	(89)
<b>At 31 December 2009</b>	–	–

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

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

	<b>2009 US\$'000</b>	<b>2008 US\$'000</b>
Unused tax losses	29,025	24,576

No deferred tax asset is recognised in respect of the above assets on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future these assets may be recovered.

## 19 Loss per share

<b>Basic</b>	<b>2009</b>	<b>2008</b>
Loss attributable to ordinary shareholders (US\$'000)	(4,825)	(1,508)
Weighted average number of ordinary shares outstanding	71,651,678	71,651,359
Basic loss per share (in US\$ cents per share)	(6.7)	(2.1)

Basic loss per share is calculated by dividing the loss for the year after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

<b>Diluted</b>	<b>2009</b>	<b>2008</b>
Loss attributable to ordinary shareholders (US\$'000)	(4,825)	(1,508)
Weighted average number of ordinary shares outstanding	71,651,678	71,651,359
Adjustment for share options	–	–
Weighted average number of ordinary shares outstanding	71,651,678	71,651,359
Diluted loss per share (in US\$ cents per share)	(6.7)	(2.1)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The categories of dilutive potential ordinary shares of the group are employee share options and the 'B' convertible redeemable shares. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have issued assuming the exercise of the share options.

The effects of anti-dilutive potential ordinary shares have been ignored in calculating diluted loss per share.

## 20 Cash generated from/(used in) operations

	Group 2009 US\$'000	Group 2008 US\$'000	Company 2009 US\$'000	Company 2008 US\$'000
<b>Loss before income tax</b>	<b>(4,536)</b>	<b>(1,410)</b>	<b>(68)</b>	<b>(34)</b>
Adjustments for:				
– Interest receivable (Note 17)	(94)	(339)	–	–
– Depreciation (Note 4)	431	569	–	–
– Amortisation (Note 5)	4,271	3,170	–	–
– Employee share option amortisation (Note 10)	72	43	72	43
– Foreign exchange losses/(gains) on operating activities	(199)	1,168	–	–
– Fair value gains on derivative financial instruments	–	(443)	–	–
Changes in working capital:				
Trade and other receivables	2,062	2,212	(141)	58
Trade and other payables	(1,059)	(877)	–	(2)
<b>Cash generated from/(used in) operations</b>	<b>948</b>	<b>4,093</b>	<b>(137)</b>	<b>65</b>

## 21 Related party transactions

The following transactions were carried out with related parties:

(a) Key management personnel includes the two executive directors and eight members of the senior management team.

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

<b>Key management compensation</b>	<b>2009 US\$'000</b>	<b>2008 US\$'000</b>
Salaries and other short-term employee benefits	1,837	2,106
Post employment benefits	74	116
	<b>1,911</b>	<b>2,222</b>

(b) Peter Lennon, non-executive director, provides legal services to the group through his firm, Lennon Heather. No legal services were rendered by Lennon Heather in the current year and there are no amounts outstanding at 31 December 2009 (2008: US\$39,200).

## Company

As at 31 December 2009, the company had a balance of US\$2,485,000 (2008: US\$2,341,000) due to it from other group companies. This balance relates to payments made by the company on behalf of one of its subsidiaries.

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

## 22 Contingencies

### (a) Litigation and disputes

#### Flight Centre Limited

On 2 November 2009, we indicated our intention to commence legal proceedings in the Commercial Court of the High Court in Ireland against a customer, Flight Centre Limited ("Flight Centre") of Australia, for non-payment of invoices under a contract for the deployment of our TDP software at their travel agency business. Subsequent to this indication, Flight Centre terminated their contract ("the contract") with us and instituted legal proceedings against us on 4 November 2009, in the Supreme Court of Queensland, Australia seeking restitutionary and compensatory damages in the amount of AUD16.1m, notwithstanding the fact that under our contract with Flight Centre, our aggregate liability (if any) is capped at US\$3m. Flight Centre's claim alleges, inter alia, misleading and deceptive conduct, and non-delivery by us under the contract.

On 12 February 2010, we filed a response to this claim, and countersued Flight Centre for damages in the amount of US\$9.2m for breach of contract, as a result of Flight Centre's decision not to proceed with the roll-out of the software delivered in June 2009. The damages being sought by us are in respect of monies owed to us by Flight Centre for work performed, together with transaction fees payable under the contract. We have asked the Queensland Supreme Court to make declarations that Flight Centre did not have any valid reason to terminate the contract with us, and that the actions of Flight Centre amount to a repudiation of their responsibilities and obligations to us under the contract.

We currently believe this claim will not result in an adverse effect on our business, financial position, income, or cash flows. Consequently, we have not made any provision in respect of this claim in our financial statements for the year ended 31 December 2009. Litigation is always subject to inherent uncertainties and our view of these matters may change in the future.

### (b) Government Grants

The group has received grants from government agencies. Under certain circumstances, these amounts may be repayable. The contingent liability existing at 31 December 2009 amounted to US\$0.7m (2008: US\$0.7m).

## 23 Commitments

### (a) Operating leases

The group leases offices, motor vehicles and equipment under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

Lease rentals in respect of these offices, amounting to US\$1.1m (2008: US\$1.1m), motor vehicles amounting to US\$0.1m (2008: US\$0.1m) and equipment amounting to US\$0.1m (2008: US\$0.1m) are included in the income statement.

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

	<b>2009</b>	<b>2008</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Within one year	1,400	1,281
Within two to five years	4,228	4,137
Over five years	1,606	2,073
	<b>7,234</b>	<b>7,491</b>

### (b) Capital commitments

The group had no capital commitments at 31 December 2009 (2008: US\$ nil).

## 24 Company only income statement

In accordance with section 148(8) of the Companies Act, 1963 and section 7(1)(A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filling it with the Registrar of Companies. The company's loss for the financial year is US\$68,000 (2008: loss US\$34,000).

## 25 Financial Risk Management

### Financial risk management

The group and company's operations expose it to a variety of financial risks including interest rate, foreign exchange, credit and liquidity risk. The group has in place a risk management programme that seeks to manage the financial exposure of the group. The group uses derivative financial instruments to manage certain risk exposures. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies are set by the Board of Directors and are implemented by the group's finance department.

### Market rate risk

Market rate risk refers to the exposure of the group's financial position to movements in interest rates, currency rates and general price risk. The principal aim of managing the currency risk is to limit the adverse impact on shareholders' value of movement in currency rates. The group has limited exposure to interest and price risk.

#### *(i) Foreign exchange risk*

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, in the normal course of business primarily with respect to the Euro and Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The main exposure at 31 December 2009 relates to Euro monetary assets totaling US\$4.4m, and Sterling monetary assets totaling US\$0.7m.

The group uses forward contracts to manage the foreign exchange risk. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the US dollar. At 31 December 2009, the group did not have any outstanding forward foreign exchange contracts. At 31 December 2008, the principal amount of outstanding forward foreign exchange contracts was US\$5.8m. The fair value of these outstanding foreign exchange contracts at 31 December 2008 was US\$0.4m.

At 31 December 2009, if the Euro had strengthened by 10% against the US dollar with all other variables held constant, the loss after tax for the year would have been US\$0.4m lower (2008: loss US\$0.4m lower) mainly as a result of foreign exchange gains/losses on translation of Euro-denominated trade receivables, trade payables and cash.

#### *(ii) Interest rate risk*

The interest rate on floating rate deposits of US\$6.3m at 31 December 2009 (US\$8.2m at 31 December 2008) is generally based on the appropriate Euribor or Libor rate.

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



### *Interest rate sensitivity analysis*

At 31 December 2009, based on the cash balances held at balance date which earn interest, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the group loss after tax for the year would have been higher or lower by US\$0.1m (2008: US\$0.1m).

### *(iii) Price risk*

The group is not exposed to material price risk.

## **Credit risk**

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

The group has implemented policies that require appropriate credit checks on potential customers before sales are made and monitors exposure to potential credit loss on a regular basis. The utilisation of credit limits is regularly monitored. During the year ended 31 December 2009, a significant portion of the group's revenue was derived from a limited number of customers.

The credit quality of cash and cash equivalents, and derivative financial instruments, can be assessed by reference to S&P credit ratings for the related counterparties in the following table:

	<b>2009</b>	<b>2008</b>
<b>Cash and cash equivalents</b>	<b>US\$'000</b>	<b>US\$'000</b>
AA	5,966	–
AA –	126	3,998
A +	140	–
A	–	4,522
A –	3,546	3,926
Not Rated *	680	2,370
<b>Derivative financial instruments</b>		
A –	–	443

\* The group uses one financial institution which does not have a credit rating. This institution is used for operating purposes only. This account is swept regularly, and any excess cash is placed on deposit in other financial institutions.

## **Liquidity risk**

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

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

The group does not have any derivative financial instruments at 31 December 2009. At 31 December 2008, the group's derivative financial instruments based on the remaining period at the balance sheet to the contractual maturity date were classified as short term. The amounts disclosed in the table are the contractual undiscounted cash flows. These amounts approximate their carrying balances as the impact of discounting is not significant.

<b>At 31 December 2009</b>	<b>Less than 1 Yr. US\$'000</b>	<b>Between 1-2 Yrs US\$'000</b>	<b>Between 2-5 Yrs US\$'000</b>	<b>Total US\$'000</b>
Forward foreign exchange contracts:				
Outflow	-	-	-	-
Inflow	-	-	-	-
Trade & Other Payables	4,025	-	-	4,025

<b>At 31 December 2008</b>	<b>Less than 1 Yr. US\$'000</b>	<b>Between 1-2 Yrs US\$'000</b>	<b>Between 2-5 Yrs US\$'000</b>	<b>Total US\$'000</b>
Forward foreign exchange contracts:				
Outflow	5,820	-	-	5,820
Inflow	6,263	-	-	6,263
Trade & Other Payables	5,481	-	-	5,481

## Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The capital comprises mainly of issued capital, reserves and retained earnings as set out in Note 9 and Note 10 to these financial statements.

## Cash flow risk

As the group has no significant interest-bearing assets other than cash balances as stated above under interest rate risk, the group's income and operating cash flows are substantially independent of changes in market interest rates.

## 26 Recent accounting pronouncements

### Standards, amendments and interpretations effective in 2009 and in future periods

- IFRS 8, 'Operating segments' (effective for financial periods beginning on or after 1 January 2009) sets out the requirements for disclosure of financial and descriptive information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates and its major customers. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The group has applied IFRS 8 with effect from 1 January 2009. Under IAS 14 the Group had two reportable segments, E-Business and Consulting, which did not change under IFRS 8. IFRS 8 is a disclosure standard and does not affect the measurement of the Group's reported financial position or financial performance.
- IAS 1 (Revised), 'Presentation of financial statements' (effective for financial periods beginning on or after 1 January 2009) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The group has applied IAS 1 (Revised) from 1 January 2009, but this revision does not have a material impact on the group's operations.

The following new standards, amendments to standards and interpretations became effective in the current financial year, however, they do not have an effect on the Group Financial Statements or are not currently relevant for the Group:

- IFRS 1 (revised) First-time Adoption of International Financial Reporting Standards;
- IFRS 2 (amendment), Share based payments;
- IFRS 7 (amendment), Financial Instruments: Disclosures;
- IAS 19 (amendment), Employee Benefits;
- IAS 23 (amendment), Borrowing Costs;
- IAS 27 (revised) Consolidated and separate financial statements;
- IAS 29 (amendment), Reporting in Hyperinflation Economies;
- IAS 32 (amendment), Financial Instruments: Presentation;
- IAS 41 (amendment), Agriculture;
- IFRIC 13, Customer loyalty programmes;

IFRIC 15, Agreements for the construction of real estate;  
IFRIC 16, Hedges of a net investment in a foreign operation;  
IFRIC 17, Distributions of Non-cash Assets to Owners; and  
IFRIC 18, Transfer of Assets from Customers.

The following new or amended standards will become effective for the Group in the future. It is not currently anticipated that these will have an effect on the Group Financial Statements:

IFRS 3 (revision), Business Combinations;  
IFRS 9, Financial Instruments – effective on or after 1 January 2013;  
IAS 24 (amendment) Related Party Disclosure – effective on or after 1 January 2011;  
IAS 39 (amendment), Financial Instruments: Recognition and measurement; and  
IFRIC 14, Prepayments of a Minimum Funding Requirement – effective on or after 1 January 2012.