



**Double Digit Growth in Revenue, Adjusted EBITDA and Cash Generation
Continued Expansion in Market Opportunity**

Dublin, Ireland - 30 August 2016: Datalex plc (ISE: DLE), a leading provider of digital commerce and retail solutions to the travel industry, today announces interim results for the six months ended 30 June 2016.

Highlights include:

- 17% growth in Total Revenue to US\$24.4m, including 11% growth in Platform Revenue to US\$11.8m
- 22% growth in Adjusted EBITDA to US\$4.6m
- 57% increase in Cash Generated from Operations, to US\$5.4m
- The extension of our relationship with the Lufthansa Group – the largest group of airlines in Europe
- Continued growth in China - fifth customer now live, and deployment of our sixth customer underway
- New collaboration agreement with IBM to develop products in digital commerce and cognitive computing
- Continued investment in new Digital Commerce Innovation
- Further investment to scale the business for future growth

H1 2016 Overview

Our business delivered a strong performance in the first half of 2016, with double-digit growth across all key metrics including Revenue, Adjusted EBITDA and Cash Reserves. We are also pleased to report strong progress in our business development, including further growth in China and the extension of our relationship with the Lufthansa Group.

A summary of the results for the first six months of 2016 is set out below:

Six months ended 30 June	2016	2015	Change
	US\$M	US\$M	%
Total Revenue	24.4	20.8	17%
Platform Revenue included in Total Revenue	11.8	10.6	11%
Total Operating Costs	23.0	20.6	12%
Profit after Tax	1.3	0.3	386%
Adjusted EBITDA	4.6	3.8	22%
Cash Generated from Operations	5.4	3.4	57%
Cash and Cash Equivalents	18.0	16.2	11%

H1 2016 Performance

Total revenue for the period grew by 17% to US\$24.4m (2015 H1: US\$20.8m), which included an 11% increase in platform revenue to US\$11.8m (2015 H1: US\$10.6m). This growth in H1 was driven by a number of factors, including the contribution from Jetblue, which went live in mid-2015, together with a number of new Chinese carriers that went live during 2015, and organic growth across our customer base. This growth is also after one contract concluded at the end of 2015.

Services revenue grew by US\$2.5m to US\$11.5m (2015 H1: US\$9.0m), driven both by deployment work on new customers and increased demand for delivery of new product features from existing customers. This revenue stream is highly recurring and strategically very important for Datalex, both in terms of bringing new customers live on our platform, and enhancing the reach and embeddedness of our solution with existing customers.

Total operating costs in H1 2016 increased by 12% or US\$2.4m to US\$23.0m (2015 H1: US\$20.6m). This was driven by an increase of US\$2m in resource costs (employees and contractors), which delivered both the increase of US\$2.5m in services revenue and also delivered new scaling capabilities across the organisation. As recently announced, Datalex plans to create 200 new positions by the end of 2017 to meet the increasing global demand for its products. Capitalised product development investment in H1 was \$4.1m (2015 H1: \$2.7m), driven by investment in areas such as our API framework, order management and dynamic pricing capabilities. Adjusted EBITDA in H1 2016 grew 22% to US\$4.6m (2015 H1: US\$3.8m), and Profit after tax was US\$1.3m (2015 H1: US\$0.3m).

Financial Position at 30 June 2016

Our cash reserves at 30 June 2016 were US\$18.0m (2015: US\$16.2m), representing an 11% increase year on year, notwithstanding a 33% increase in dividends paid during the period. Cash generated from operations, a key operating leverage metric, grew 57% to US\$5.4m in H1 2016 (2015 H1: US\$3.4m).

Business Development

In the first half of 2016 we continued to execute our growth strategy, and we are pleased to report a number of significant developments in our business that will drive growth in the years ahead:

Customer Success:

- Building upon our existing customer relationships with Swiss International Airlines and Brussels Airlines, we have extended our relationship with the Lufthansa Group, Europe's largest group of airlines. This again confirms the market-leading position of our technology, and illustrates a new era of significant investment in digital transformation by major carriers.
- The increase in our market share in China, with our fifth customer live and our sixth customer currently in deployment.

Partner Success:

- In May 2016 we announced an agreement to collaborate globally with IBM in the development and delivery of travel retail solutions. This collaboration will leverage the Datalex Digital Commerce Platform and IBM's Watson, Analytics and Cloud Services.
- We are also pleased to announce our agreement with Neusoft Corporation, a leading IT solution and service provider in China, to collaborate in the development and delivery of solutions for the Chinese travel market. This alliance with Neusoft will be an important driver of our continued growth in the Chinese market.

People Success:

- In response to the significant global demand for our Digital Commerce Platform and the growth of digital transactions on our platform, we are investing to scale the business with the very best talent in software development and digital commerce. As recently announced, we will create 200 jobs across global divisions over the next 18 months. To date in 2016, we have already added almost 70 positions, expanding our teams globally and extending our leadership capabilities.

We believe that the growing focus of major airlines on the digital transformation of their businesses, coupled with the investment we are making in both our platform and our scaling capabilities, point to an expanding growth opportunity for Datalex. We are seeing a broadening of our new business pipeline, and we are investing to create an organisation and a platform to execute on it.

Product Innovation

Our Digital Commerce Platform is increasingly becoming the primary system for customer engagement. Our goal is to future-proof the airline as a digital enterprise, by providing an integrated digital retail capability for all channels, touchpoints and devices.

In 2016 we are investing in our product portfolio, which is organised across;

- Offer management (pricing and merchandising)
- Order management (reservation and payments), and
- Omni-channel capability (Application Programming Interface ('API') toolsets, business user tools and new mobile, call centre and vacation packaging applications)

We also continue to drive significant improvements in quality, efficiency and effectiveness of our product delivery:

- Our API First product strategy is key to scaling the platform and business for growth. In H1, we continued to deliver feature-rich business user tools to support a growing ecosystem of airline developers, distribution partners and system providers. We are also pleased to announce our technology partnership with Apigee, a world-leading provider of API technology and services for enterprises and developers. We will use Apigee products to enhance the usability of our APIs.
- Research and Development team also continues to advance the dynamic pricing capabilities of our Platform, and in collaboration with IBM, we are investing in cognitive and behavioural-based retailing techniques.

Throughout the remainder of 2016 we will accelerate investment in these key areas to capitalise on our growing market opportunity.

FY 2016 Outlook

The first half of 2016 has been a period of strong performance for Datalex, with double digit growth across all key metrics. In parallel, a number of significant developments in the business during H1, including our expanding relationship with the Lufthansa Group, our continued growth in China, and our collaboration with IBM, support the expanding growth opportunity for Datalex in the coming years. As a result, we are accelerating investment in our people, product and partnerships to capitalise on this opportunity.

In that context, we now anticipate growth of 15-20% in Adjusted EBITDA for the full year.

About Datalex

Datalex is a market leader in Digital Commerce for Travel Retailers. The Datalex Digital Commerce Platform enables a travel marketplace of over one billion shoppers covering every corner of the globe, driven by some of the world's most innovative airline retail brands. Its customers include Aer Lingus, Air China, Air Malta, Air Transat, Copa Airlines, Delta Air Lines, Hainan Group of Airlines, HP Enterprise Services, JetBlue Airways, Lufthansa Group, Philippine Airlines, SITA, STA Travel, Virgin Atlantic and Virgin Australia. The company is headquartered in Dublin, Ireland, and maintains offices across Europe, USA and China. Datalex is a publicly listed company and is listed on the Irish Stock Exchange (ISE: DLE). Learn more at datalex.com or follow on Twitter@Datalex.

This press release contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results. Datalex undertakes no obligation to update any forward-looking statements.

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Datalex plc

Interim Report
Condensed Consolidated Financial Information

For the six months ended 30 June 2016

Datalex plc

Chief Executive Officer's Review

for the six months ended 30 June 2016

Summary

The first half of 2016 has been another period of strong performance in our business, with double digit growth across all key metrics, including Revenue, Adjusted EBITDA and Cash Reserves, coupled with a number of significant business developments that will continue to drive our growth in the years ahead.

Performance

Total revenue for the period grew by 17% to US\$24.4m (2015 H1: US\$20.8m), which included an 11% increase in platform revenue, our key value driver, to US\$11.8m (2015 H1: US\$10.6m). This growth in H1 was driven by a number of factors, including the contribution from Jetblue, which went live in mid-2015, together with a number of new Chinese carriers that went live during 2015, as well as organic growth across our customer base. This growth is also after one contract concluded at the end of 2015.

Operating costs increased by 12% to US\$23.0m over the period (2015 H1: US\$20.6m). This was driven mainly by an increase of \$2m in resource costs (employees and contractors), arising from deployment work on new customers and increased demand for delivery of new product features from existing customers. As recently announced, Datalex plans to create 200 new positions by the end of 2017 to meet the increasing global demand for its products. To date in 2016, we have already added almost 70 positions, expanding our teams globally and extending our leadership capabilities.

During the period we invested US\$4.1m in product innovation (2015 H1: US\$2.7m) delivering new capabilities across our portfolio of products, including:

- *Offer management* (pricing and merchandising),
- *Order management* (reservation and payments) and
- *Omni-channel management* (Application Program Interface ('API') toolsets, business user tools and new mobile, call centre and vacation packaging applications).

Adjusted EBITDA grew 22% in H1 2016 to US\$4.6m (2015 H1 US\$3.8m). Profit after tax in the period was US\$1.3m (2015 H1: US\$0.3m).

Business Development

In the first half of 2016, we continued to execute on our growth strategy and we are pleased to report a number of significant developments in our business that will drive growth in the years ahead. These include:

- The extension of our relationship with the Lufthansa Group – the largest group of airlines in Europe.
- The increase in our market share in China, with our fifth customer live and our sixth customer in deployment.
- The announcement in May of a global collaboration with IBM in the development and delivery of travel retail solutions. The collaboration will leverage the Datalex Digital Commerce Platform and IBM's Watson, Analytics and Cloud Services.
- Our agreement with Neusoft, a leading IT solution and service provider in China, to collaborate in the development and delivery of solutions for the Chinese Travel Market.
- Our technology partnership with Apigee, a world-leading provider of API technology and services for enterprises and developers. We will use Apigee products to enhance the usability of our APIs.

Financial position at 30 June 2016

Our cash reserves at 30 June 2016 were US\$18.0m (2015 H1: US\$16.2m), representing an 11% increase year on year, notwithstanding a 33% increase in dividends paid during the period. Cash Generated from Operations increased by US\$1.9m or 57% to US\$5.4m (2015: US\$3.4m) in the period.

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Chief Executive Officer's Review

for the six months ended 30 June 2016 (continued)

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group for the remaining part of the year are outlined in Note 18 to the condensed consolidated interim financial information.



Aidan Brogan

Chief Executive Officer, 29 August 2016

Datalex plc **Responsibility Statement**

in respect of the six months ended 30 June 2016

The directors, whose names and functions are listed on pages 26 to 28 in the Group's 2015 Annual Report, are responsible for preparing this interim management report and the condensed consolidated interim financial information in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, Interim Financial Reporting as adopted by the European Union.

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

- the condensed consolidated interim financial information for the half year ended 30 June 2016 has been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34, adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed consolidated interim financial information for the half year ended 30 June 2016, and a description of the principal risks and uncertainties for the remaining six months which has been provided in Note 18 of the condensed consolidated interim financial information;
- the interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties' transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board



Aidan Brogan
Director



David Kennedy
Director

29 August 2016

Datalex plc**Condensed Consolidated Interim Balance Sheet**

as at 30 June 2016 – unaudited

	Notes	30 June 2016 US\$'000 Unaudited	31 Dec 2015 US\$'000 Audited
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment		2,711	1,461
Intangible assets	13	17,373	15,437
Deferred income tax assets		1,731	1,731
Total non-current assets		21,815	18,629
<i>Current Assets</i>			
Trade and other receivables	8	15,034	11,602
Short term investments		-	4,577
Cash and cash equivalents		18,030	17,231
Total current assets		33,064	33,410
TOTAL ASSETS		54,879	52,039
EQUITY			
<i>Capital and reserves attributable to the equity holders of the company</i>			
Ordinary share capital		7,561	7,535
Other equity share capital		262	262
Other reserves		5,472	5,107
Retained earnings		24,958	26,662
TOTAL EQUITY		38,253	39,566
LIABILITIES			
<i>Non-Current Liabilities</i>			
Borrowings	9	549	177
Total non-current liabilities		549	177
<i>Current liabilities</i>			
Trade and other payables	10	15,475	11,446
Borrowings	9	474	751
Current income tax and liabilities		128	99
Total current liabilities		16,077	12,296
TOTAL EQUITY AND LIABILITIES		54,879	52,039

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

Datalex plc**Condensed Consolidated Interim Income Statement**

for the six months ended 30 June 2016 – unaudited

	Notes	Six Months Ended		Year Ended
		30 June 2016	30 June 2015	31 Dec 2015
		US\$'000	US\$'000	US\$'000
		Unaudited	Unaudited	Audited
Revenue	4	24,442	20,848	46,618
Cost of sales	5	(19,605)	(16,351)	(33,392)
GROSS PROFIT		4,837	4,497	13,226
Selling and marketing costs	5	(860)	(1,562)	(3,890)
Administrative expenses	5	(2,444)	(1,755)	(3,470)
Other losses	7	(95)	(897)	(1,860)
OPERATING PROFIT		1,438	283	4,006
Finance income		13	16	23
Finance costs		(50)	(24)	(117)
PROFIT BEFORE INCOME TAX		1,401	275	3,912
Income tax (expense) / credit	11	(82)	(4)	278
PROFIT FOR THE PERIOD		1,319	271	4,190
PROFIT PER SHARE (in US\$ cents per share)				
Basic	12	1.80	0.37	5.67
Diluted	12	1.70	0.35	5.37

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

Datalex plc**Condensed Consolidated Interim Statement of Comprehensive Income**

for the six months ended 30 June 2016 – unaudited

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June	30 June	31 Dec
	2016	2015	2015
	US\$'000	US\$'000	US\$'000
	Unaudited	Unaudited	Audited
Profit for the financial period	1,319	271	4,190
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Foreign currency translation adjustments			
- Arising in the year	(17)	(13)	(19)
Cash flow hedges			
Increase in cash flow hedges losses in the year	-	(845)	(1,009)
Losses on cash-flow hedges transferred to profit or loss	-	795	1,496
Losses on cash flow hedges transferred to intangible assets	-	-	241
	-	(50)	728
Total movement in items that may be subsequently reclassified to profit or loss	(17)	(63)	709
Comprehensive income for the financial period	1,302	208	4,899

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

Datalex plc

Condensed Consolidated Interim Statement of Changes in Equity

for the six months ended 30 June 2016 – unaudited

	Equity share capital	Other equity share capital	Other reserves	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Unaudited					
Balance at 1 January 2015	7,460	262	3,121	24,697	35,540
Profit for the period	-	-	-	271	271
Other comprehensive expense	-	-	(63)	-	(63)
Total comprehensive income for the period	-	-	(63)	271	208
Share based schemes charge	-	-	338	-	338
Issue of ordinary shares on exercise of options	39	-	85	-	124
Decrease in treasury shares due to exercise of JSOP awards	-	-	60	-	60
Dividends paid	-	-	-	(2,225)	(2,225)
Balance at 30 June 2015	7,499	262	3,541	22,743	34,045
Balance at 1 January 2015	7,460	262	3,121	24,697	35,540
Profit for the year	-	-	-	4,190	4,190
Other comprehensive income	-	-	709	-	709
Total comprehensive income for the period	-	-	709	4,190	4,899
Share based schemes charge	-	-	844	-	844
Issue of ordinary shares on exercise of options	75	-	276	-	351
Decrease in treasury shares due to exercise of JSOP awards	-	-	157	-	157
Dividends paid	-	-	-	(2,225)	(2,225)
Balance at 31 December 2015	7,535	262	5,107	26,662	39,566
Balance at 1 January 2016	7,535	262	5,107	26,662	39,566
Profit for the period	-	-	-	1,319	1,319
Other comprehensive expense	-	-	(17)	-	(17)
Total comprehensive income for the period	-	-	(17)	1,319	1,302
Share based schemes charge	-	-	265	-	265
Issue of ordinary shares on exercise of options	26	-	117	-	143
Decrease in treasury shares due to exercise of JSOP awards	-	-	-	-	-
Dividends paid to shareholders (Note 17)	-	-	-	(3,023)	(3,023)
Balance at 30 June 2016	7,561	262	5,472	24,958	38,253

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

Datalex plc**Condensed Consolidated Interim Cash Flow Statement**

for the six months ended 30 June 2016 – unaudited

	Notes	<u>Six Months Ended</u>		<u>Year Ended</u>
		<u>30 June</u>	<u>30 June</u>	<u>31 Dec</u>
		<u>2016</u>	<u>2015</u>	<u>2015</u>
		<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	15	5,384	3,440	13,003
Income tax paid		(53)	(3)	(11)
NET CASH GENERATED FROM OPERATING ACTIVITIES		5,331	3,437	12,992
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(1,246)	(185)	(493)
Additions to Intangible assets	13	(4,287)	(2,704)	(6,057)
Short term investments		4,577	-	(4,577)
Interest received		13	16	23
NET CASH USED IN INVESTING ACTIVITIES		(943)	(2,873)	(11,104)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (including share premium)		143	124	351
Proceeds from exercise of JSOP awards		-	60	157
Dividends paid to shareholders		(3,023)	(2,225)	(2,225)
Decrease in finance liabilities		(536)	(548)	(994)
Interest Paid		(50)	(24)	(117)
NET CASH USED IN FINANCING ACTIVITIES		(3,466)	(2,613)	(2,828)
Net increase / (decrease) in cash and cash equivalents		921	(2,049)	(940)
Foreign Exchange loss on cash and cash equivalents		(122)	(121)	(170)
Cash and cash equivalents at beginning of period		17,231	18,341	18,341
CASH AND CASH EQUIVALENTS AT END OF PERIOD		18,030	16,171	17,231

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

Datalex plc

Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited

1. General Information

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

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

This condensed consolidated interim financial information was approved for issue by the Board of Directors on 29 August 2016.

2. Basis of preparation

The condensed consolidated interim financial statements included in this report have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with International Accounting Standard 34, Interim Financial Reporting ('IAS 34') as adopted by the European Union. These condensed statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015 included in the Group's 2015 Annual Report which is available on the Group website www.datalex.com. The condensed consolidated interim financial statements presented do not constitute full statutory accounts. Full statutory accounts for the year ended 31 December 2015 will be filed with the Irish Registrar of Companies in due course. The Audit Report on those statutory accounts was unqualified.

The Group's auditors have not audited or reviewed the condensed consolidated interim financial statements contained in this report.

Going Concern

The Group meets its day-to-day working capital requirements through its cash reserves. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance and the Group's management of its principal risks and uncertainties, as described in the notes to these condensed consolidated interim financial statements, show that the Group should be able to operate within the level of its current facilities and resources. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Accounting policies

The accounting policies applied by the Group in the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2016 that had a material impact on the Group.

4. Segmental information

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

The executive management team considers the business from a product and service perspective. At 30 June 2016, TPF consulting did not meet the quantitative thresholds for mandatory disclosure under IFRS 8 Operating Segments. However the executive management team have opted to continue to disclose this segment separately on the basis that TPF consulting is managed independently and that the executive management team review the performance of the segment separately. The TPF business has different characteristics and business challenges compared to the E-business reporting segment. Throughout the year management considers the performance of E-business and TPF consulting on a separate basis.

The executive management team considers the business from a product and service perspective. Management considers the performance of E-business and TPF Consulting on a separate basis.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited (continued)

4. Segmental information (continued)

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.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive management team is measured in a manner consistent with that in the income statement.

The segment information provided to the executive management team for the reportable segments for the financial period ended 30 June 2016 is as follows:

	<u>Six Months Ended</u> 30 June 2016			<u>Six Months Ended</u> 30 June 2015		
	E- business	TPF Consulting	Total	E-business	TPF Consulting	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	23,370	1,404	24,774	19,721	1,451	21,172
Inter-segment revenue	-	(332)	(332)	-	(324)	(324)
External Revenue	23,370	1,072	24,442	19,721	1,127	20,848
Adjusted EBITDA	4,477	111	4,588	3,655	97	3,752
Share options, ownership interests and deferred share awards granted to directors and employees	(265)	-	(265)	(338)	-	(338)
EBITDA	4,212	111	4,323	3,317	97	3,414
Depreciation	527	7	534	511	7	518
Amortisation	2,351	-	2,351	2,613	-	2,613
Operating profit	1,334	104	1,438	193	90	283
Finance Costs			(50)			(24)
Finance income			13			16
Profit before income tax			1,401			275
Income tax charge			(82)			(4)
Profit after taxation			1,319			271

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

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2016	30 June 2015	31 Dec 2015
	US\$'000	US\$'000	US\$'000
Adjusted EBITDA	4,588	3,752	10,386
Depreciation	(534)	(518)	(1,017)
Amortisation - Development Costs	(2,232)	(2,482)	(4,264)
Amortisation - Software	(119)	(131)	(255)
Finance income	13	16	23
Interest Payable	(50)	(24)	(117)
Share Option charge	(265)	(338)	(844)
Profit before income tax	1,401	275	3,912

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited (continued)

4. Segmental information (continued)

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

Total segment assets and liabilities are as follows:

	30 June 2016	30 June 2016	30 June 2016	31 Dec 2015	31 Dec 2015	31 Dec 2015
	E- business	TPF	Total	E- business	TPF	Total
	US\$'000	Consulting	US\$'000	US\$'000	Consulting	US\$'000
		US\$'000			US\$'000	
Total segment assets	53,995	883	54,878	50,948	1,091	52,039
Total segment liabilities	(16,153)	(345)	(16,498)	(12,169)	(304)	(12,473)

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

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2016	30 June 2015	31 Dec 2015
	US\$'000	US\$'000	US\$'000
Platform revenue	11,755	10,581	22,840
Professional services	11,515	9,032	20,546
Consultancy	1,072	1,129	2,180
Other revenue	100	106	1,052
Total Revenue	24,442	20,848	46,618

Refer to Note 2.3 of the Group Annual Report for the definition of the different revenue categories included in the table above.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited (continued)

5. Expenses by nature

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2016	30 June 2015	31 Dec 2015
	US\$'000	US\$'000	US\$'000
Employee Benefit expense net of capitalisation (Note 6)	9,797	9,336	19,664
Consultants and contractors costs	7,732	5,056	11,484
Capitalisation of consultants and contractors costs	(1,744)	(1,382)	(3,549)
Depreciation	534	518	1,017
Amortisation - Development costs	2,232	2,482	4,264
Amortisation - Software	119	131	255
Hosting	771	542	1,258
Establishment costs	704	734	1,446
Professional fees	494	522	1,205
Third party services	244	151	497
Travel	808	481	1,065
Communication	190	161	327
Auditors remuneration (including expenses)	152	131	234
Software maintenance and other online charges	143	226	320
Bad debt expense	-	19	125
Other	733	560	1,140
Total cost of sales, selling and marketing costs and administrative expenses	22,909	19,668	40,752
Other losses	95	897	1,860
Total operating costs	23,004	20,565	42,612
Disclosed as:			
- Cost of sales	19,605	16,351	33,392
- Selling and marketing costs	860	1,562	3,890
- Administrative expenses	2,444	1,755	3,470
Total operating costs	22,909	19,668	40,752

6. Employee benefit expense

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2016	30 June 2015	31 Dec 2015
	US\$'000	US\$'000	US\$'000
Wages and salaries	10,552	9,121	18,614
Social insurance costs	1,006	891	1,780
Pension costs – defined contribution schemes	317	308	640
Employee benefit expense before capitalisation	11,875	10,320	21,034
Capitalised labour	(2,343)	(1,322)	(2,214)
	9,532	8,998	18,820
Share options and ownership interests granted to directors and employees	265	338	844
Total	9,797	9,336	19,664

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Notes to the Condensed Consolidated Interim Financial Statements at 30 June 2016 – unaudited (continued)

7. Other losses

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2016	30 June 2015	31 Dec 2015
	US\$'000	US\$'000	US\$'000
Net foreign exchange loss	(95)	(102)	(364)
Losses on cash-flow hedges transferred to the profit or loss in the year	-	(795)	(1,496)
Total	(95)	(897)	(1,860)

8. Trade and other receivables

	30 June 2016	31 Dec 2015
	US\$'000	US\$'000
Trade receivables	5,194	6,065
Less: provision for impairment	(36)	(36)
Trade receivables – Net	5,158	6,029
Other receivables	558	539
Prepayments	1,164	766
Accrued income	8,154	4,268
Total	15,034	11,602

The carrying amounts of the Group's trade receivables and accrued income are denominated in the following currencies:

	30 June 2016	31 Dec 2015
	US\$'000	US\$'000
US Dollar	7,670	7,186
Euro	5,598	2,545
Sterling	80	90
Chinese Renminbi	-	512
Total	13,348	10,333

All amounts fall due within one year.

9. Borrowings

	30 June 2016	31 Dec 2015
Financial Lease Liabilities	US\$'000	US\$'000
Non-Current	549	177
Current	474	751
Total Borrowings	1,023	928

The carrying amount of the Group's borrowings are denominated in US dollar. Lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default. The fair value of the finance leases has been determined using discounted cash flow analysis, where the inputs required are observable and do not require significant estimation (Level 2 fair value in the fair value hierarchy).

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited (continued)

10. Trade and other payables

	30 June 2016 US\$'000	31 Dec 2015 US\$'000
Trade payables	5,107	2,176
Accruals	6,126	6,050
Deferred income	3,054	2,039
Pension contribution	122	148
Social insurance costs and other taxes	1,066	1,033
Total	15,475	11,446

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:

	30 June 2016 US\$'000	31 Dec 2015 US\$'000
US dollar	3,799	1,524
Euro	1,078	586
Sterling	218	39
Chinese Renminbi	12	27
Total	5,107	2,176

11. Income tax

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2016	30 June 2015	31 Dec 2015
	US\$'000	US\$'000	US\$'000
Current tax			
Income tax expense / (credit)	82	4	(278)
Current tax expense / (credit) for the period	82	4	(278)

The 2015 tax credit relates mainly to the recognition of deferred tax losses forward which was addressed in Note 20 of the 2015 Annual Report, together with an explanation of the key judgements involved.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited (continued)

12. Earnings per share

Basic	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2016	30 June 2015	31 Dec 2015
Profit attributable to ordinary shareholders (US\$'000)	1,319	271	4,190
Weighted average number of ordinary shares outstanding	74,390,433	73,407,090	73,954,941
Basic earnings per share (in US\$ cents)	1.80	0.37	5.67

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

Diluted	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2016	30 June 2015	31 Dec 2015
Profit attributable to ordinary shareholders (US\$'000)	1,319	271	4,190
Weighted average number of ordinary shares outstanding	74,390,433	73,407,090	73,954,941
Adjustment for share options	4,000,083	3,132,396	4,048,972
Weighted average number of ordinary shares outstanding	78,390,516	76,539,486	78,003,913
Diluted earnings per share (in US\$ cents)	1.70	0.35	5.37

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

At 30 June 2016, 130,000 deferred share awards were excluded from the calculation as the performance conditions attached to them have not been met. These 130,000 awards which were part of the JSOP were also excluded as at the 31 December 2015 after they had forfeited in that year.

Furthermore 750,000 share options under the 2012 share option scheme have been excluded from the number of potential dilutive shares as at 30 June 2016 as performance conditions have not yet been achieved (30 June 2015: 1,496,222).

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.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited (continued)

13. Intangible assets

	Software	Product Development	Total
	US\$'000	US\$'000	US\$'000
Period to 30 June 2015			
Opening net book amount	804	13,150	13,954
Additions	-	2,704	2,704
Amortisation charge	(131)	(2,482)	(2,613)
Closing net book amount	673	13,372	14,045
Year Ended 31 December 2015			
Opening net book amount	804	13,150	13,954
Additions	53	6,004	6,057
Government grant assistance	-	(55)	(55)
Amortisation charge	(255)	(4,264)	(4,519)
Closing net book amount	602	14,835	15,437
At 31 December 2015			
Cost	2,053	51,391	53,444
Accumulated Amortisation	(1,451)	(36,556)	(38,007)
Closing net book amount	602	14,835	15,437
Period to 30 June 2016			
Opening net book amount	602	14,835	15,437
Additions	195	4,092	4,287
Amortisation charge	(119)	(2,232)	(2,351)
Closing net book amount	678	16,695	17,373
At 30 June 2016			
Cost	2,248	55,483	57,731
Accumulated Amortisation	(1,570)	(38,788)	(40,358)
Closing net book amount	678	16,695	17,373

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

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

14. Share capital

During the period to 30 June 2016, 266,667 ordinary shares were issued upon the exercise of employee share options into ordinary share capital.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited (continued)

15. Cash generated from operations

	<u>Six Months Ended</u>		<u>Year Ended</u>
	30 June 2016	30 June 2015	31 Dec 2015
	US\$'000	US\$'000	US\$'000
Profit before income tax	1,401	275	3,912
Interest received	(13)	(16)	(23)
Interest paid	50	24	117
Depreciation	534	518	1,017
Amortisation	2,351	2,613	4,519
Employee share option charge	265	338	844
Foreign currency loss on operating activities	95	102	315
Changes in Working Capital:			
Trade and other receivables	(3,328)	(906)	(643)
Trade and other payables	4,029	492	2,945
Cash generated from operations	5,384	3,440	13,003

16. Related party transactions

The following transactions were carried out with related parties:

- (a) Key management personnel include the 2 Executive Directors and 7 members of the senior management team (2015 HY: 2 Executive Directors and 7 members of the senior management team). Key management compensation:

	<u>Six Months Ended</u>	<u>Six Months Ended</u>
	30 June 2016	30 June 2015
	US\$'000	US\$'000
Emoluments	1,071	1,265
Benefits under long-term incentive schemes	265	215
Contributions to defined contribution schemes ⁽¹⁾	53	58
Total	1,389	1,538

⁽¹⁾ Retirement benefits are accruing to 2 directors (2015 HY: 2 directors) under a defined contribution scheme.

- (b) The remuneration of, and transactions with all Non-Executive Directors:

	<u>Six Months Ended</u>	<u>Six Months Ended</u>
	30 June 2016	30 June 2015
	US\$'000	US\$'000
Basic salaries and fees	166	168

Details of related party transactions in respect of the year ended 31 December 2015 are contained in Note 23 of our Annual Report. The Group continued to enter into transactions in the normal course of business with its related parties during the period. There were no transactions with related parties in the first half of 2016 or changes to transactions with related parties disclosed in the 2015 financial statements that had a material effect on the financial position or performance of the Group.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited (continued)

17. Dividends

A dividend of US\$3.0m was paid on 17 June 2016 (period ended 30 June 2015: US\$2.2m). This represents a dividend of four US cents per share (30 June 2015: three US cents per share) which was paid to shareholders who were on the register at 27 May 2016. This dividend was proposed by the Board of Directors on 21 March 2016 and approved by shareholders on 24 May 2016. This dividend was not recognised as a liability as at 31 December 2015 as it was subject to shareholder approval as described in Note 28 to the Annual Report for the year ended 31 December 2015.

On 28 April 2016, Datalex plc, the Group parent company, received a dividend of US\$2.0m from its wholly owned subsidiary Datalex (Ireland) Limited.

18. Principal risks and uncertainties

(a) Principal risks

The principal risks and uncertainties faced by the Group were outlined in the Group's 2015 Annual Report on pages 22-23. The Annual Report is available on our website www.datalex.com. The principal risks and uncertainties remain substantially the same for the remaining six months of the financial year and are summarised below:

- Datalex operates in a highly competitive market. Any targeted aggressive competitor activity could result in a loss of customers and/or adverse impact on business growth prospects.
- Datalex maintains an important relationship with its customers, the loss of a number of these customers would negatively impact on our growth and brand.
- Delivering sustained growth in shareholder value. This is predicated on our ability to continue to win new business and to expand our product offerings.
- Cost overruns and delays to commencement of platform revenue at new deployments could have an adverse impact on our financial performance.
- Our products are mission critical for our customers who use it to generate a high percentage of their revenues.
- Issues with product quality could result in cost overruns or delayed go lives, and negatively impact on our brand and reputation.
- Datalex reports in US dollar but has a sizeable percentage of its cost base in euro with a smaller element in sterling.
- Our customers are mainly airlines – operating in challenging environments, particularly in light of current geopolitical conditions. Failure to manage credit risk and operating cash flows could result in bad debt exposure and adverse impact on cash reserves.
- If a significant event was to occur that resulted in a loss of function of key systems, premises or personnel, the business could be unable to carry out day to day functions across the Group.
- The ongoing success of the Group is dependent on attracting and retaining high quality personnel, particularly in software development and project management. A shortage of these skills could impair business growth.

(b) Litigation and disputes

There has been no material change in our contingent liabilities in the period ended 30 June 2016 since the approval of our statutory financial statements for the year ended 31 December 2015.

19. Seasonality

While management do not believe that seasonality has a material impact on the business of the Group, business performance is impacted by the timing of go-lives, which triggers the commencement of platform revenue from new customers.

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Notes to the Condensed Consolidated Interim Financial Statements

at 30 June 2016 – unaudited (continued)

20. New long-term cash-settled bonus scheme

A new long-term cash-settled bonus scheme was approved by shareholders in the Annual General Meeting on 19 May 2015. This scheme has been implemented and began in April 2016.

21. Events occurring after the balance sheet date

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

22. Distribution of interim report

The interim report is available on the Group's website www.datalex.com. Copies are also available to the public from the Company's registered office at Block U, East Point Business Park, Clontarf, Dublin 3, Ireland.