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## Chairman's Statement



### To our shareholders

I am pleased to report further progress made by the group in 2008. The results show an increase in revenue of 7% to \$33m, driven by a 44% increase in transaction revenue in the year to \$10.8m. The loss for the year

of \$1.5m (2007: \$2.3m) includes a foreign exchange loss of \$0.7m (2007: gain of \$0.3m) and finance income of \$0.3m (2007: \$1.0m). The loss for the year is after capitalising development expenditure of \$4.5m (net of amortisation). The revenue increase reflects the success of the group's continued policy to transition to a strategic transaction based pricing model which effectively delivers more maintainable longer term earnings at the expense of short term licence revenue.

#### Strategy

The group's strategy remains focused on being

*"The Leading Provider of Travel Distribution Software and Solutions."*

This is being achieved through a combination of development and operational excellence, and the cultivation of true partnerships with our customers. I am very pleased to report that our technology platform continues to perform excellently in our customer environments.

We are conscious of the transformational financial and distribution benefits our technology delivers to customers, and I am pleased to report that we further embedded these benefits in an expanded customer base in 2008.

The superior industry knowledge of our staff and our continued investment in research and development

are contributing to very satisfactory progress along our product roadmap. This product strategy is designed to deliver a real competitive advantage to both the group and our customers.

The first version of our new Travel Distribution Platform (TDP v1.1) was completed in Q2 2006 and is now operational with a number of our customers. Further exciting TDP (TDP v1.2) enhancements were developed and delivered in 2007 and the next major release (TDP v1.3) was completed in Q4 2008. This latest platform provides advanced functionality for both the airline and travel agent markets.

#### Outlook

Review of strategic direction is an ongoing exercise within the group. I am pleased to report that the year yet again provided further validation of our chosen strategy, which gives the Board and management the resolve and confidence to continue to implement it. We remain confident of market growth prospects and requirements for innovative travel distribution solutions, despite the current economic conditions. In this context, we achieved a number of important wins during the year from both existing and new customers, which should provide a platform for sustainable growth. These wins have also validated our product roadmap both at the macro directional level and the micro functional level. Importantly, TDP, including the advanced releases, is proving to be a very robust platform validating the high quality and implementation of our R & D.

#### Sustainable Growth

Our ongoing policy to transition towards transaction based pricing continues to provide a shared risk and return offering to our customers. The benefit for the group in such an approach is that, properly executed, it puts in place a growing revenue base from which to generate incremental expansion. All E-business

contracts entered into in 2008 were on a transaction based pricing model.

Founded on the platform of transaction pricing and our product roadmap, the group's three priority pillars remain the same for 2009:

(a) Additional contract successes arising out of the effective management of our Sales and Marketing functions;

(b) The achievement, both in terms of time and quality, of our product roadmap milestones; and

(c) The delivery of our commitments to our customers through the superior operational effectiveness of all divisions of our group.

Over arching these pillars, however, will be the absolute need to maintain a tight control of costs.

### The Datalex Vision

"We will deliver real value to our Customers, Shareholders and Employees and that we will do this through Innovation, Thought Leadership, Great People, Great Processes and Great Products."

This vision requires excellence in operational performance. We continue to firmly place our customer-centric culture at the core of everything we do and the organisation is committed to delivering on this objective. Operational performance within budgetary parameters in 2009, and beyond, continues to be a key differentiator and will be a significant influencing factor in the delivery of our vision.

### Employees

At the end of 2008, the group had 166 employees (2007: 161) in four principal offices around the world (Dublin, Atlanta, Manchester & Amsterdam). Our staff remain our greatest asset and the principal attribute that distinguishes us from our competition. I would like to thank all staff for their significant commitment and dedication during the year which was particularly demanding in the light of major customer projects and TDP developments successfully completed.

### Board

I would like to thank all my Board colleagues for their professionalism and valued contributions during the year. David Kennedy, who joined the group as CFO towards the end of 2007, was appointed Finance Director in December 2008 and I welcome him as a key member of the Board.

### Management

I would like to thank Cormac Whelan, CEO, and all members of his management team for their significant input and contribution during the year. The achievement of the group's objectives is heavily reliant on senior and middle management and I am confident that the team culture in evidence last year will continue in 2009.



**Michael Quinn**  
Chairman

**19 March 2009**

## Chief Executive's Review

### 2008 Overview

In 2008, the economic downturn, and foreign exchange volatility, particularly with the US Dollar, led airlines to focus more than ever on cost control. The biggest single issue facing the airline industry was the cost of fuel. With oil hitting a record high of \$147 per barrel in July 2008, capacity was reduced and fares were increased to meet the additional fuel costs. The winners were those airlines who managed to take a lead position in hedging their fuel costs.

Travel agents also faced increasing costs from multiple sources. As well as increasing air fares and fuel surcharges, car rental costs are also reported to have increased 2008. GDS incentives were severely curtailed in light of airline zero commission policies.

From a Datalex perspective, this difficult travel industry environment has provided a real opportunity for the Travel Distribution Platform product suite to show its

strength. The proven maturity of TDP enabled our customers to quickly react to market pressures, control distribution costs, differentiate product and drive new revenue streams. More than ever, the product and partnership became core to the corporate strategy of our airline and agency customers, enabling a degree of ownership, control and flexibility required to drive their business in the coming years.

With the compelling evidence of what TDP can and does deliver, our new business pipeline remains strong in 2009. In 2008 we acquired two new major airline customers, Denver based US carrier Frontier Airlines, who went live on our latest product TDP v1.3 in December 2008, and Copa Airlines of Panama, scheduled to go live in late Q2 2009. Throughout 2008, we delivered enhanced functionality to many of our current customers, driving significant revenue increases and cost reductions for airlines and agencies such as Aer Lingus, United Airlines and STA Travel.

### Financial Review

We are pleased to report that total revenue grew by 7% to \$33.0m in 2008, driven by a 44% increase in transaction revenue to \$10.8m (2007: \$7.5m), while maintaining our cost base at the 2007 level, partly through our successful restructuring program completed in 2007. Our loss for the year before tax of \$1.4m (2007: \$2.1m) included amortisation of capitalised development costs of \$3.0m (2007: \$2.4m) and a foreign exchange loss of \$0.7m as a result of Euro and Sterling volatility throughout the year. We were EBITDA positive for the year.

	<b>2008</b>	<b>2007</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Revenue	33,039	30,973
Gross profit	5,360	3,852
Restructuring	-	1,181
Loss before income tax	(1,410)	(2,056)
Earnings before interest, tax, depreciation & amortisation	1,990	(135)
Intangible assets	18,586	14,168
Cash and cash equivalents	14,816	19,206
Total assets	45,919	48,106
Total equity	40,120	41,429

Development costs of \$7.5m (2007: \$6.7m) have been capitalised in the year.

Our cash balances at year end amounted to \$14.8m (2007: \$19.2m), which is sufficient for the group's present requirements. The decline of \$4.4m was as a result of product development expenditure of \$7.5m coupled with foreign exchange differences on cash translation, offset by cash generated from operations of \$4.0m.

From 2009 onwards, we expect the business will be a net generator of cash from operations, as a result of projected growth in revenue delivered by the transaction model and a reduction in product investment spend.

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

Over the last three 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. During that period, and as validation of this vision, we have been chosen as solution of choice by leading global airlines and travel companies, including United Airlines, Scandinavian Airlines and Aer Lingus.

In November 2008 we reached an important milestone, when global travel company STA Travel became the first customer to go live on our latest product, TDP v1.3. Less than one month later, US carrier Frontier Airlines also went live on TDP v1.3. This deployment was particularly significant for us, as it was completed in less than six months from start to finish, the fastest deployment ever completed by Datalex.

Our latest delivery to Frontier is proof of the maturity of our product and validates our product investment programme to date, as well as our strategy to be a product software company. The ability to deliver a functionally rich product with minimum customisation in a short time frame allows us to quickly earn transaction revenue and the customer to reap the benefits of our solution.

Our four year programme of product investment will culminate this year with the launch of TDP Agent, a new generation agency point of sale and reservations product, scheduled to go live first at Flight Centre, one of the world's largest travel agencies – in mid

2009. TDP Agent is a 'first to market' product response to the business transformation of the agency sector. This product will deliver ground-breaking sales and procurement capability for call centres and retail points of sale, and will enable us to broaden our customer base and market presence in the travel industry.

### **Outlook for 2009**

2009 is certain to be another challenging year for the travel industry. Having weathered the fuel crisis in 2008, I predict that airlines will have better control on costs and will adapt their business models to weather the remaining economic downturn. Focus remains firmly upon demand, capacity and pricing as airlines look for differentiation and competition to win market share and control costs.

More airlines will continue to differentiate fare and fee schedules and drive ancillary revenue models particularly across direct channels. This will require a high degree of flexibility and time to market advantage. Further mergers/alliances will continue to drive consolidated synergies of operation and cost control.

For major travel agencies worldwide, 2009 will call for 'survival of the fittest' tactics. Global tourism growth predictions for 2009 are the lowest since 2004, and we can expect to see further consolidation of businesses and business models as well as an increased focus on return on investment and reduction of supply chain costs.

With the drive for cost control and higher margins, the flexibility to access multiple forms of content, and the need for consistency of delivery across channels, travel companies will want to be able to control not only the source but the content shown at every point of sale, and to exploit up sell and cross sell opportunities.

We have now begun to reap the rewards of a timely product investment programme and the proven value clearly delivered to our customers over the last number of years. We have a real opportunity for success and a time to market advantage in this environment where the value drivers of our solution have never been more relevant to the transformative corporate strategies of major suppliers and distributors worldwide.

## Chief Executive's Review (continued)

We enter 2009 on the back of some significant successes in late 2008, a solid global reputation and a healthy pipeline of new business. With this, we are well positioned to grow and develop our business in 2009.

I would like to extend my thanks to the Board for their support and encouragement in 2008.

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 three years throughout which we undertook such a significant transformation. 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 the years ahead, and by creating a global company we can all be proud of.



Cormac M. Whelan

Chief Executive Officer

19 March 2009



## Directors and Other Information

DIRECTORS	John Bateson Simon Calver David Kennedy (Finance Director) Peter Lennon Michael Quinn (Chairman) Paschal Taggart Cormac M. Whelan (Chief Executive Officer)
SECRETARY	David Kennedy
REGISTERED OFFICE	Block U Eastpoint Business Park Clontarf Dublin 3
BANKERS	Bank of Ireland Sutton Cross Dublin 13 Anglo Irish Bank Corporation plc Stephen Court 18 - 21 St. Stephen's Green Dublin 2 Bank of Scotland Bank of Scotland House 124 - 127 St. Stephen's Green Dublin 2
SOLICITORS	McCann FitzGerald 2 Harbourmaster Place International Financial Services Centre Dublin 1 Lennon Heather 24/26 City Quay House City Quay Dublin 2
AUDITORS	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1
REGISTERED NUMBER	329175

## Director's Report

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2008.

### Principal activity

The principal activity of the group is the development and sale of a variety of information technology products and services largely to the airline and travel industries.

### Review of business and future developments

The directors consider that, in the conditions prevailing during the year, the development in the group's business and its financial position at the year end were satisfactory. A review of the business is included in the Chief Executive's review.

### Principal risks and uncertainties

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

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

### 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 14 to these financial statements for details of our average number of employees.

### Results, total assets and dividends

The consolidated balance sheet at 31 December 2008 and the consolidated income statement for the year are set out on pages 25 and 26 respectively. The consolidated loss after tax for the financial year amounted to US\$1.5m (2007: loss US\$2.3m) and the total assets of the group at 31 December 2008 amounted to US\$45.9m (2007: US\$48.1m).

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 and procedures and the employment of competent persons. The books of account are maintained at the company's registered office in Block U, Eastpoint Business Park, Clontarf, Dublin 3.

## Substantial shareholdings

At 18 March 2009 the company had been notified of the following interests in its issued share capital:

Name of Holder	Number of US\$0.10	% of Issued*
	Ordinary Shares	Share Capital
Gartmore Investment Management Plc	10,642,193	14.8%
IIU Nominees Limited	8,782,788	12.2%
Focus Investments Limited	5,610,787	7.8%
Blackrock Group	6,304,288	8.8%

\*Percentage of ordinary share capital in issue on 18 March 2009.

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 2008, 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 carries 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, under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers or on voting rights.

Ordinary shares acquired through company share option schemes rank pari passu with the shares in issue 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 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 agreements with any director or employee that would provide compensation

for loss of office or 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 2008 are set out below. Unless indicated otherwise, they served as directors for the entire year.

John Bateson\*

Simon Calver\*

David Kennedy (appointed as Director on 15 December 2008)

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, David Kennedy, Paschal Taggart and John Bateson are required to resign as directors and, being eligible, offer themselves for re-election. Resolutions will be proposed at the Annual General Meeting to reappoint them. Biographical details 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 2008, and their families, had the following beneficial interests in the share capital of Datalex plc at 31 December 2008 and 31 December 2007, or date of appointment if later:

Director	31 December 2008		31 December 2007	
	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	-	-	-	-
David Kennedy*	30,546	360,000	-	-
Peter Lennon	325,935	24,483	325,935	24,483
Michael Quinn	414,270	50,000	254,270	50,000
Paschal Taggart	552,732	-	552,732	-
Cormac M. Whelan	525,000	660,000	255,000	1,560,000

\* Date of appointment 15 December 2008

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 2008 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 Notes 5 and 14 to the financial statements and are also discussed in the Chief Executive's 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



**Michael Quinn**  
Director



**Cormac M. Whelan**  
Director

**19 March 2009**

## 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 Listing 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 that the financial statements comply with the Companies Acts 1963 to 2006 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 the 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;

## Statement of Directors' Responsibilities

- 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



**Michael Quinn**

**Director**



**Cormac M. Whelan**

**Director**

**19 March 2009**

# Corporate Governance Statement

## Introduction

The group has adopted the provisions of the Combined Code 2006 (the Code) with effect from 1 January 2007 and is committed to high standards of corporate governance as set out in the Code.

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 the directors can be found in the directors' report of the annual report. At 31 December 2008, 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 directors is readily provided. The directors attended all meetings in 2008, save that, by prior arrangement, Peter Lennon was absent from two meetings and Paschal Taggart and Simon Calver were each absent from one meeting.

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 regulations 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.

During the year there have been no changes in the Chairman's significant commitments. 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, Paschal Taggart, 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 Chairman are carrying out their responsibilities in accordance with the Code.

## Corporate Governance Statement (continued)

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 fulfil this definition and this is evidenced by the independence demonstrated during the deliberations of the Board.

Each of the directors is 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 four times during the year, and at 31 December 2008 comprised Paschal Taggart (Chairman), Simon Calver (replacing Michael Quinn effective 15 December 2008) and John Bateson, who has recent and relevant financial experience. The Committee members attended all the meetings during 2008.

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 systems.

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 2008, comprised Michael Quinn (Chairman), 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, the structure of the Board, determining succession plans for the Chairman and Chief Executive Officer, 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 skills, 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.

During 2008, the Committee reviewed the composition and structure of the Board, and have decided that David Kennedy, who joined Datalex in November 2007 as Chief Financial Officer, be appointed to the Board, with effect from 15 December 2008.

## 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 have 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 meet all other criteria outlined in the Combined Code.

## Directors' remuneration

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

## Corporate Governance Statement (continued)

### 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 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 2008, and up to and including the date of approval of the financial statements. There were no significant failings or weaknesses identified by this review of the effectiveness of the system 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 have 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 investment 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 have considered the need for one as required by the Combined Code but have 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 company's web-site. In addition two interim management statements are issued during the year.

The company's Annual General Meeting affords shareholders the opportunity to question the Chairman and the Board. Periodically, the CEO and CFO 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.

### Going concern

After making enquiries, 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 2008, with the following exceptions:

- The group does not have an internal audit function. The Board have considered the need for one as required by the Code but have agreed that it is not warranted given the size and complexity of the group; and
- The Chairman of the group is a member 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 have considered this and want to take advantage of the Chairman's skills and experience in this area and consequently believe the Chairman to be independent.

# Remuneration Report

## Introduction

This report deals with directors' remuneration for the year ended 31 December 2008. 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 individuals 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-directorships. 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.

## 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 €300,000 and €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 Executive Directors agreed to waive their directors' fees of €42,000 and €1,750 respectively.

## Non-Executive Directors

The company agreed with its non-executive directors to pay each non-executive director €42,000 per annum in respect of their services as directors. Michael Quinn had a consultancy agreement amounting to €42,000 per annum to provide additional services. This agreement ended on 30 June 2008. Effective from 1 July 2008, his fees as Chairman of the Board were increased to €84,000 per annum. Simon Calver had a service contract which expired on 30 June 2008.

## Share performance

The price range during the period from 1 January 2008 to 31 December 2008 was €0.65 to €0.22.

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 2008:

<b>Director</b>	<b>Basic Salary &amp; fees US\$'000</b>	<b>Pension Contributions US\$'000</b>	<b>2008 Total US\$'000</b>	<b>2007 Total US\$'000</b>
John Bateson	62	-	62	44
Simon Calver	62	-	62	44
David Kennedy	10	1	12	-
Peter Lennon	62	-	62	44
Michael Quinn	93	-	124	88
Paschal Taggart	62	-	62	44
Cormac M. Whelan	441	33	474	442
<b>Total</b>	<b>792</b>	<b>34</b>	<b>858</b>	<b>706</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 2008 was US\$34,000 (2007: US\$31,000).

## Remuneration Report (continued)

### 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 2008*	Granted during year	Forfeited during year	At 31 December 2008	Exercise Price	Date from which exercisable	Expiry Date
David Kennedy	360,000	-	-	360,000	€0.54	**	**
Peter Lennon	24,483	-	-	24,483	US\$0.83	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	14/12/2005	14/12/2014
Cormac M. Whelan***	900,000	-	(900,000)	-	-		

\* Or date of appointment if later

\*\* Options are exercisable as follows: 120,000 on 1 November 2008, and 10,000 per month for the following 24 months. Options expire 90 days after termination of employment.

\*\*\* During the year, all 900,000 options were forfeited, as certain market and non-market performance conditions were not met by 31 December 2008.

## 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 2008 which comprise the Consolidated and Company Balance Sheets, the Consolidated Income Statement, the Consolidated and Company Statements of Changes in Equity, and 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 2006. 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 2006 and Article 4 of the IAS Regulation. We state whether we have obtained all the information and explanations we consider necessary for the purposes 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 the 2006 FRC Combined Code specified for our review by the Listing 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 2008 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 2006, of the state of the parent company's affairs as at 31 December 2008 and cash flows for the year then ended; and
- the financial statements and Part II of the Remuneration Report have been properly prepared in accordance with the Companies Acts, 1963 to 2006 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 29 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 2008 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.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

One Spencer Dock, North Wall Quay, Dublin 1

20 March 2009

## Consolidated Balance Sheet

as at 31 December 2008

	Notes	2008 US\$'000	2007 US\$'000
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment	4	789	1,157
Intangible assets	5	18,586	14,168
		<b>19,375</b>	<b>15,325</b>
<i>Current Assets</i>			
Trade and other receivables	7	11,285	13,497
Derivative financial instrument	12	443	78
Cash and cash equivalents	8	14,816	19,206
		26,544	32,781
<b>TOTAL ASSETS</b>		<b>45,919</b>	<b>48,106</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	187,787	187,588
Retained earnings		(155,094)	(153,586)
<b>TOTAL EQUITY</b>		<b>40,120</b>	<b>41,429</b>
<b>TOTAL LIABILITIES</b>			
<i>Current liabilities</i>			
Trade and other payables	11	5,799	6,677
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,919</b>	<b>48,106</b>

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

On behalf of the Board



**Michael Quinn**

Director



**Cormac M. Whelan**

Director

19 March 2009

## Consolidated Income Statement

for the year ended 31 December 2008

	Notes	2008 US\$'000	2007 US\$'000
Revenue	13	33,039	30,973
Cost of sales	14	(27,679)	(27,121)
<b>GROSS PROFIT</b>		<b>5,360</b>	<b>3,852</b>
Other (losses)/gains	15	(726)	289
Selling and marketing costs	14	(2,735)	(2,912)
Administrative expenses	14	(3,648)	(4,244)
<b>OPERATING LOSS</b>		<b>(1,749)</b>	<b>(3,015)</b>
Finance income	17	339	959
<b>LOSS BEFORE INCOME TAX</b>		<b>(1,410)</b>	<b>(2,056)</b>
Income tax charge	18	(98)	(224)
<b>LOSS FOR THE YEAR</b>		<b>(1,508)</b>	<b>(2,280)</b>
<b>LOSS PER SHARE (in US\$ cents per share)</b>			
Basic and diluted	19	(0.021)	(0.032)

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

### On behalf of the Board



Michael Quinn

Director



Cormac M. Whelan

Director

19 March 2009

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2008

	Ordinary 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 2007</b>	<b>7,003</b>	<b>262</b>	<b>186,510</b>	<b>(151,306)</b>	<b>42,469</b>
Currency translation differences	-	-	188	-	188
Net income recognised directly in equity	-	-	188	-	188
Loss for the year	-	-	-	(2,280)	(2,280)
Total recognised loss for 2007	-	-	188	(2,280)	(2,092)
Issue of ordinary shares on exercise of options	162	-	807	-	969
Employee share option scheme charge	-	-	83	-	83
	162	-	890	-	1,052
<b>Balance at 31 December 2007</b>	<b>7,165</b>	<b>262</b>	<b>187,588</b>	<b>(153,586)</b>	<b>41,429</b>
<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>
Currency translation differences	-	-	155	-	155
Net income recognised directly in equity	-	-	155	-	155
Loss for the year	-	-	-	(1,508)	(1,508)
Total recognised loss for 2008	-	-	155	(1,508)	(1,353)
Issue of ordinary shares on exercise of options	-	-	1	-	1
Employee share option scheme charge	-	-	43	-	43
	-	-	44	-	44
<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>

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

### On behalf of the Board



**Michael Quinn**  
Director



**Cormac M. Whelan**  
Director

19 March 2009

## Consolidated Cash Flow Statement

for the year ended 31 December 2008

	Notes	2008 US\$'000	2007 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations	20	4,093	(4,432)
Income tax paid	18	(98)	(174)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>		<b>3,995</b>	<b>(4,606)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4	(201)	(986)
Additions to intangible assets	5	(7,588)	(6,722)
Interest received	17	339	959
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(7,450)</b>	<b>(6,749)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	9, 10	1	969
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>1</b>	<b>969</b>
Net decrease in cash and cash equivalents		(3,454)	(10,386)
Foreign exchange (loss)/gain on cash and cash equivalents		(936)	225
Cash and cash equivalents at beginning of year		19,206	29,367
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	8	<b>14,816</b>	<b>19,206</b>

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

### On behalf of the Board



**Michael Quinn**  
Director



**Cormac M. Whelan**  
Director

19 March 2009

## Company Balance Sheet

as at 31 December 2008

	Notes	2008 US\$'000	2007 US\$'000
<b>ASSETS</b>			
<i>Non-current assets</i>			
Investment in subsidiaries	6	45,318	45,318
<i>Current Assets</i>			
Trade and other receivables	7	2,403	2,461
Cash and cash equivalents	8	137	71
		2,540	2,532
<b>TOTAL ASSETS</b>		<b>47,858</b>	<b>47,850</b>
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital	9	7,165	7,165
Other equity share capital	9	262	262
Other reserves	10	359,527	359,483
Retained earnings		(319,097)	(319,063)
<b>TOTAL EQUITY</b>		<b>47,857</b>	<b>47,847</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Trade and other payables	11	1	3
<b>TOTAL LIABILITIES</b>		<b>1</b>	<b>3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>47,858</b>	<b>47,850</b>

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

On behalf of the Board



**Michael Quinn**  
Director



**Cormac M. Whelan**  
Director

19 March 2009

## Company Statement of Changes in Equity

or the year ended 31 December 2008

	Ordinary 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 2007</b>	<b>7,003</b>	<b>262</b>	<b>358,593</b>	<b>(318,920)</b>	<b>46,938</b>
Loss for the year	-	-	-	(143)	(143)
Total recognised loss for 2007	-	-	-	(143)	(143)
Issue of ordinary shares on exercise of options	162	-	807	-	969
Employee share option scheme charge	-	-	83	-	83
	162	-	890	-	1,052
<b>Balance at 31 December 2007</b>	<b>7,165</b>	<b>262</b>	<b>359,483</b>	<b>(319,063)</b>	<b>47,847</b>
<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>
Loss for the year	-	-	-	(34)	(34)
Total recognised loss for 2008	-	-	-	(34)	(34)
Issue of ordinary shares on exercise of options	-	-	1	-	1
Employee share option scheme charge	-	-	43	-	43
	-	-	44	-	44
<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>

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

On behalf of the Board



**Michael Quinn**  
Director



**Cormac M. Whelan**  
Director

19 March 2009

## Company Cash Flow Statement

for the year ended 31 December 2008

	Notes	2008 US\$'000	2007 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations	20	65	(1,213)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>		<b>65</b>	<b>(1,213)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	9, 10	1	969
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>1</b>	<b>969</b>
Net decrease in cash and cash equivalents		66	(244)
Cash and cash equivalents at beginning of year		71	315
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>137</b>	<b>71</b>

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

### On behalf of the Board



**Michael Quinn**  
Director



**Cormac M. Whelan**  
Director

19 March 2009

# Notes to the consolidated financial statements

for the year ended 31 December 2008

## I 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 19 March 2009.

## 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 2006 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 affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues 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 Service Fee*

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 customers' specific requirements. If the service is on a contracted time and materials basis, then the revenue is recognised as and when the services are performed. If it is a fixed fee, then the service 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 labour 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 Fee 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 Services Fees*

The group charges a services fee to customise software to customers' specific requirements. If the service is on a contracted time and materials 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. Revenues 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

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns different to those of other segments. Stemming from the group's internal organisational and management structure and its system of internal financial reporting, segmentation by business is regarded as being the predominant source and nature of the risks and returns facing the group and is thus the primary segment under IAS 14 "Segment Reporting". Geographical segmentation is therefore the secondary segment. The group has identified two reportable segments, E-business and Consulting.

### 2.5 Intangible assets

#### *(a) Computer software*

Acquired computer software licences 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.

#### *(b) 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 be 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 expenditures that do 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## 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 & 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 profits for the period. Taxable profit differs from net profit 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 profit 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 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 conditions attaching to them.

Government grants are deducted in arriving at the carrying amount of the related asset.

## 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 costs. 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 plan 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 the 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 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 are revised. The impact of the revision of original estimates, if any, are recognised in the income

statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction 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 and balances*

Foreign currency transactions 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 rates (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 expenses 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 (Losses)/Gains".

## 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 lessor) 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 equivalents 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 Finance Income

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

## 2.18 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 Assumptions

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) 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.

Were the actual outcome (on the areas of estimation) to differ by 10% from management's estimates, the value of intangible assets would vary by US\$0.2m.

#### *(b) 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. The group tests annually, or earlier if there is an indicator of impairment, whether these costs suffered any impairment, in accordance with the accounting policy. Factors which the group consider could 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 performed.

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 the 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 dependant 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 profits and net assets. Our future cash flows would not be impacted by any impairment provision.

#### *(c) 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 estimates of the period over which the assets will generate revenue. If the useful lives had increased by an average of 1 year in the year ended 31 December 2008, then our amortisation charge would have reduced by \$0.6m. If the useful lives had decreased by an average of 1 year in the year ended 31 December 2008, then our amortisation charge would have increased by \$0.8m.

*(d) 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 a reduction in the level of bad debt provision, would have a positive impact on the operating results. The level of provision required is reviewed on an ongoing basis.

## 4 Property, Plant and Equipment

	<b>Fixtures &amp; Fittings US\$'000</b>	<b>Computer Equipment US\$'000</b>	<b>Total US\$'000</b>
<b>At 1 January 2007</b>			
Cost	422	3,670	4,092
Accumulated depreciation	(363)	(2,920)	(3,283)
Net Book Amount	59	750	809
<b>Year ended 31 December 2007</b>			
Opening net book amount	59	750	809
Additions	144	842	986
Depreciation charge	(60)	(578)	(638)
Closing net book amount	143	1,014	1,157
<b>At 31 December 2007</b>			
Cost	566	4,512	5,078
Accumulated depreciation	(423)	(3,498)	(3,921)
<b>Net book amount</b>	<b>143</b>	<b>1,014</b>	<b>1,157</b>
<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>

Depreciation of US\$523,000 (2007: US\$489,000) has been charged in cost of sales and US\$46,000 (2007: US\$149,000) in administrative expenses in the income statement.

## 5 Intangible Assets

	Software	Development	Total
		costs	
	US\$'000	US\$'000	US\$'000
<b>At 1 January 2007</b>			
Cost	355	10,113	10,468
Accumulated amortisation	(25)	(665)	(690)
Net Book Amount	330	9,448	9,778
<b>Year ended 31 December 2007</b>			
Opening net book amount	330	9,448	9,778
Additions	146	6,756	6,902
Amortisation charge	(153)	(2,359)	(2,512)
Closing net book amount	323	13,845	14,168
<b>At 31 December 2007</b>			
Cost	501	16,869	17,370
Accumulated amortisation	(178)	(3,024)	(3,202)
<b>Net book amount</b>	<b>323</b>	<b>13,845</b>	<b>14,168</b>
<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>

Amortisation of US\$3.2m (2007: US\$2.5m) is included in the cost of sales in the income statement.

An impairment test was carried out at 31 December 2008, 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.

## 5 Intangible Assets (continued)

These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations were gross margin of 52%, average growth rate of 26% 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 plan approved by the Board. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The impairment test did not result in any impairment.

The results of sensitivity analysis on the key assumptions are detailed below:

The percentages shown in the table below represent the increase or decrease in the individual sensitivity factors that would lead to the recoverable amount equalling the carrying value of the assets.

	<b>31 December 2008</b>
	%
Gross margin (decrease)	-19%
Average growth rate (decrease)	-42%
Discount rate (increase)	+28%

## 6 Investment in Subsidiaries

<b>Company only</b>	<b>2008</b>	<b>2007</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 computer software	Block U, Eastpoint Business Park, Clontarf, Dublin 3, Ireland.
Datalex USA, Inc.	100%	Sale of computer software	2325 Lakeview Parkway Suite 600 Alpharetta, GA, 30004 USA.
Datalex Australasia Pty. Limited	100%	IT services	103 Flannery Court, Warrandyte, Victoria, Australia.
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.
Datalex Singapore Pty. Limited	100%	Sale of computer software	10 Hoe Chiang Road, #16-02, Keppel Towers, Singapore 089315.

## 7 Trade and other receivables

	Group 2008 US\$'000	Group 2007 US\$'000	Company 2008 US\$'000	Company 2007 US\$'000
Trade receivables	7,872	11,315	-	-
Less: provision for impairment	(527)	(506)	-	-
Trade receivables - Net	7,345	10,809	-	-
Amounts owed by group undertakings (d)	-	-	2,341	2,391
Other receivables	248	295	-	9
Prepayments	828	1,095	62	61
Accrued income	2,864	1,298	-	-
	<b>11,285</b>	<b>13,497</b>	<b>2,403</b>	<b>2,461</b>

The fair values 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) As of 31 December 2008, trade receivables of US\$0.6m (2007: US\$0.7m) were impaired. The amount of the provision for impairment of trade receivables was US\$0.5m as of 31 December 2008 (2007: 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.

	Ageing analysis of past due				Neither impaired nor past due US\$'000	Impaired US\$'000	Total US\$'000
	Less than 30 days US\$'000	Between 31 & 60 days US\$'000	Between 31 & 90 days US\$'000	More than 90 days US\$'000			
	At 31 Dec 2008	1,101	377	464			
At 31 Dec 2007	171	1,567	1,078	2,145	5,634	720	11,315

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

	<b>2008</b>	<b>2007</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At 1 January	506	311
Additional provisions	21	241
Unused amounts reversed	-	(46)
At 31 December	<b>527</b>	<b>506</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 2008, a significant portion of the trade receivables of the group related to three customers as follows:

	<b>2008</b>	<b>2007</b>
Customer A	14%	14%
Customer B	11%	13%
Customer C	8%	2%

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

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

	<b>Group</b>	<b>Group</b>
	<b>2008</b>	<b>2007</b>
	<b>US\$'000</b>	<b>US\$'000</b>
US\$	4,466	5,364
Euro	2,364	3,495
Sterling	991	2,379
Australian Dollar	51	77
	<b>7,872</b>	<b>11,315</b>

## 8 Cash and Cash Equivalents

	Group 2008 US\$'000	Group 2007 US\$'000	Company 2008 US\$'000	Company 2007 US\$'000
Cash at bank and in hand	6,578	5,290	137	71
Short-term bank deposits	8,238	13,916	-	-
	<b>14,816</b>	<b>19,206</b>	<b>137</b>	<b>71</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 2008 these exposures were as follows:

<b>Non-US\$ denominated monetary assets</b>	<b>2008 US\$'000</b>	<b>2007 US\$'000</b>
Euro	2,651	1,400
Sterling	2,217	1,446
Australian dollar	1,924	192
Singapore dollar	8	31
<b>Total non US\$</b>	<b>6,800</b>	<b>3,069</b>

## 9 Share capital

	2008	2007
	US\$'000	US\$'000
<b>Authorised - Group and Company</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	34	34
	484	484
	<b>10,484</b>	<b>10,484</b>

### Issued Share Capital - Group and Company

	Ordinary shares No. of shares	Ordinary shares US\$'000	Convertible Redeemable shares ( 'A' and 'B' ) No. of shares	Convertible Redeemable shares ( 'A' and 'B' ) US\$'000	Deferred shares No. of shares	Deferred shares US\$'000
	'000	US\$'000	'000	US\$'000	'000	US\$'000
<b>At 1 January 2007</b>	<b>70,032</b>	<b>7,003</b>	<b>2,542</b>	<b>254</b>	<b>30</b>	<b>8</b>
Issuance of ordinary shares on exercise of options	1,617	162	-	-	-	-
<b>At 31 December 2007</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>

## 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*

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 option 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.

## 9 Share Capital (continued)

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

	Group share option scheme- standard vesting	Group share option scheme-non standard vesting*	Group share option scheme-non standard vesting**	UK share option scheme	Total
Outstanding at beginning of year	3,435,221	583,287	900,000	90,950	5,009,458
Granted during the year	520,000	-	-	-	520,000
Exercised during the year	(3,333)	-	-	-	(3,333)
Forfeited during the year	(337,667)	(1,859)	(900,000)	(11,250)	(1,250,776)
<b>Outstanding at end of year</b>	<b>3,614,221</b>	<b>581,428</b>	<b>-</b>	<b>79,700</b>	<b>4,275,349</b>

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

\*\* These options were exercisable only if the group achieved its targets of profitability and share price. These options failed to vest in December 2008 and the group had no legal or constructive obligation to repurchase or settle the options in cash.

### Summary of employee share scheme activity

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

	2008 No. of shares subject to conversion price and option	2008 Weighted Average Excise price (US\$)	2007 No. of shares subject to conversion price and option	2007 Weighted Average Excise price (US\$)
Outstanding at beginning of year	5,009,458	0.67	6,643,081	1.07
Issued during the year	520,000	0.68	506,000	1.09
Exercised during the year	(3,333)	0.50	(1,616,662)	0.63
Forfeited during the year	(1,250,776)	0.63	(522,961)	1.35
<b>Outstanding at end of year</b>	<b>4,275,349</b>	<b>0.56</b>	<b>5,009,458</b>	<b>0.67</b>
Exercisable at end of year	3,544,013	0.78	3,232,894	0.87

Options exercised in 2008 resulted in 3,333 shares (2007: 1,616,662 shares) being issued at US 50c each (2007: US 63c each). The related weighted average share price at the time of exercise was US\$0.78 (2007: US\$1.41) per share.

The fair value of options granted during the period determined using the binomial valuation model was US\$112,742 (2007: US\$73,717). The weighted average fair value per option was US\$0.14 (2007: US\$0.20). The significant inputs into the model were share prices of €0.30; €0.54 and €0.56 (2007: €0.57; €0.72 and €0.92) at the grant date (being the market price of the shares at the date of grant), exercise price (which is the same as the share price at the grant date), dividend yield of nil (2007: nil), risk-free interest rates of 4.5% (2007: 4.5%), expected option life of 3 years (2007: 3 years) and the standard deviations of expected share price returns of 15.3%; 12.16% and 14.47% (2007: 14.91%; 17.27%; and 14.29%). 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>
US\$0.30 to US\$0.50	368,549	69
US\$0.51 to US\$0.70	1,743,153	67
US\$0.71 to US\$0.90	1,334,897	64
Greater than US\$0.90	828,750	81
<b>Total</b>	<b>4,275,349</b>	

## 10 Other Reserves

Group	Share Premium	Other Capital Reserves	Other Reserves	Foreign currency translation	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2007</b>	<b>80,783</b>	<b>105,308</b>	<b>162</b>	<b>257</b>	<b>186,510</b>
Issuance of ordinary shares on exercise of options	807	-	-	-	807
Share option scheme charge	-	-	83	-	83
Currency translation differences	-	-	-	188	188
<b>Balance at 31 December 2007</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>

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	Other reserves	Total
	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2007</b>	<b>358,431</b>	<b>162</b>	<b>358,593</b>
Issuance of ordinary shares on exercise of options	807	-	807
Share option scheme charge	-	83	83
<b>Balance at 31 December 2007</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>

## 11 Trade and other payables

	<b>Group 2008 US\$'000</b>	<b>Group 2007 US\$'000</b>	<b>Company 2008 US\$'000</b>	<b>Company 2007 US\$'000</b>
Trade Payables	2,092	2,549	-	-
Accruals	2,894	2,940	1	3
Deferred income	414	316	-	-
Pension contribution	81	116	-	-
Taxation (a)	318	756	-	-
	<b>5,799</b>	<b>6,677</b>	<b>1</b>	<b>3</b>

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

(a) The group taxation figure is made up as follows:

	<b>2008 US\$'000</b>	<b>2007 US\$'000</b>
Foreign Tax	78	109
PAYE/PRSI	240	647
	<b>318</b>	<b>756</b>

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

	<b>Group 2008 US\$'000</b>	<b>Group 2007 US\$'000</b>
US\$	1,456	1,536
Euro	424	469
Sterling	177	501
Australian Dollar	35	43
	<b>2,092</b>	<b>2,549</b>

## 12 Derivative Financial Instruments

	2008		2007	
	Assets	Liabilities	Assets	Liabilities
	US\$'000	US\$'000	US\$'000	US\$'000
Fair value gain on forward foreign exchange contracts	443	-	78	-
<b>Total</b>	<b>443</b>	<b>-</b>	<b>78</b>	<b>-</b>

The principal amount of the outstanding forward foreign exchange contracts at 31 December 2008 was US\$5.8m (2007: US\$4.4m).

## 13 Segmental information

### Primary reporting format – business segments

At 31 December 2008, the group is organised on a worldwide basis into two main business segments: E-Business products and services associated with our suite of travel related technology, and consulting revenue. The segment results for the years ended 31 December 2008 and 31 December 2007 are presented in the following table:

	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</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>
Total revenue	27,305	6,553	33,858	25,313	6,255	31,568
Inter-segment revenue	-	(819)	(819)	-	(595)	(595)
<b>External Revenue</b>	<b>27,305</b>	<b>5,734</b>	<b>33,039</b>	<b>25,313</b>	<b>5,660</b>	<b>30,973</b>
Operating (loss)/profit	(2,050)	301	(1,749)	(3,902)	887	(3,015)
Finance income			339			959
Loss before income tax			(1,410)			(2,056)
Income tax charge			(98)			(224)
<b>Loss for the year</b>			<b>(1,508)</b>			<b>(2,280)</b>

Other segment items included in the income statement are as follows

	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</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>
Depreciation (Note 4)	560	9	569	626	12	638
Amortisation (Note 5)	3,170	-	3,170	2,512	-	2,512
Restructuring	-	-	-	1,181	-	1,181
Employee share option scheme charge (Note 10)	43	-	43	83	-	83
Impairment of trade receivables (Note 7)	21	-	21	195	-	195
Bad debt recovered	-	-	-	(515)	(193)	(708)
Foreign exchange loss/(gain) (Note 15)	512	214	726	(307)	18	(289)

The segment assets and liabilities and capital expenditure for the years ended 31 December 2008 and 31 December 2007 are as follows:

	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</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>
Total assets	44,250	1,669	45,919	46,211	1,895	48,106
Total liabilities	4,641	1,158	5,799	5,612	1,065	6,677
Additions to intangible assets (Note 5)	7,588	-	7,588	6,902	-	6,902
Additions to property, plant & equipment (Note 4)	188	13	201	976	10	986

### 13 Segmental information (continued)

Segment assets consist primarily of property, plant and equipment, intangible assets, receivables and operating cash.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment (Note 4).

#### Secondary reporting format – geographical segments

The group's two business segments operate in five main geographical areas, even though they are managed on a world-wide basis. The home country of the group, which is also the main operating company, is located in Ireland. The areas of operation are principally the development and sale of a variety of information technology products and services, including hardware, software and IT services, largely to the airline and travel industries.

An analysis of revenue by geographical segment is presented in the following table. Revenue is allocated based on the country in which the customer is located.

<b>Revenue</b>	<b>2008 US\$'000</b>	<b>2007 US\$'000</b>
Ireland	3,260	3,306
UK	4,149	6,266
Other EU Countries	6,668	6,375
Americas	8,541	7,857
Other	10,421	7,169
<b>Total</b>	<b>33,039</b>	<b>30,973</b>

An analysis of total assets by geographical segment is presented in the following table. Total assets are allocated based on the country in which the assets are located. Total assets exclude income tax assets.

<b>Total Assets</b>	<b>2008 US\$'000</b>	<b>2007 US\$'000</b>
Ireland	30,768	25,801
UK	316	617
Other EU Countries	1,517	2,075
Americas	9,998	18,509
Other	3,320	1,104
<b>Total</b>	<b>45,919</b>	<b>48,106</b>

An analysis of additions to property, plant and equipment by geographical segment is presented in the following table. Capital expenditure is allocated based on the country in which the assets are located.

<b>Capital Expenditure</b>	<b>2008 US\$'000</b>	<b>2007 US\$'000</b>
Ireland	117	376
Americas	54	539
Other	30	71
<b>Total</b>	<b>201</b>	<b>986</b>

## 14 Expenses by nature

	<b>2008</b>	<b>2007</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Employee benefit expense (Note 16)	16,216	17,718
Consultant and contractor	6,155	5,044
Depreciation (Note 4)	569	638
Amortisation (Note 5)	3,170	2,512
Hosting	1,636	1,548
Rent and rates	1,413	1,240
Professional expenses	717	614
Third Party Services	874	2,424
Travel	1,080	925
Auditors remuneration		
- audit work	152	143
- non-audit work	5	-
- tax advisory services	79	37
Other	1,996	1,434
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>34,062</b>	<b>34,277</b>

Disclosed as:

	<b>2008</b>	<b>2007</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Cost of sales	27,679	27,121
Selling and marketing costs	2,735	2,912
Administrative expenses	3,648	4,244
<b>Total</b>	<b>34,062</b>	<b>34,277</b>

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

	<b>2008</b>	<b>2007</b>
Product development and delivery	135	142
Sales and marketing	12	14
Administration	17	14
<b>Total</b>	<b>164</b>	<b>170</b>

## 15 Other (losses)/gains

	2008 US\$'000	2007 US\$'000
Net foreign exchange (loss)/gain	(1,169)	211
Forward foreign exchange contract gain	443	78
<b>Total Other (losses)/gains</b>	<b>(726)</b>	<b>289</b>

## 16 Employee benefit expense

	2008 US\$'000	2007 US\$'000
Wages and salaries	19,749	19,929
Social security costs	1,600	1,718
Pension costs-defined contribution plans	656	723
Employee benefit expense before capitalisation	22,005	22,370
Capitalised labour	(5,832)	(4,735)
	<b>16,173</b>	<b>17,635</b>
Share options granted to directors and employees	43	83
<b>Total</b>	<b>16,216</b>	<b>17,718</b>

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\$656,000 in respect of 2008 (2007: US\$723,000), of which US\$81,000 (2007: US\$116,000) was accrued at the year-end.

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

## 17 Finance income and finance costs

	2008 US\$'000	2007 US\$'000
Interest income on bank deposits	339	959
<b>Total</b>	<b>339</b>	<b>959</b>

## 18 Income Tax

### (a) Income Tax

	2008 US\$'000	2007 US\$'000
<b>Current Tax</b>		
Corporation tax on profits for year	98	197
Adjustments in respect of previous periods	-	27
<b>Current tax charge for the year</b>	<b>98</b>	<b>224</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:

	2008 US\$'000	2007 US\$'000
Loss before tax	(1,410)	(2,056)
Loss before tax multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2007:12.5%)	(176)	(257)
Expenses not deductible/income not taxable	60	(502)
Utilisation of previously unrecognised tax losses and other tax assets	(430)	(137)
Differences in effective tax rates on overseas earnings	(949)	(1,237)
Tax losses for which no deferred tax asset was recognised	1,528	2,330
Other	65	27
<b>Tax charge</b>	<b>98</b>	<b>224</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:

	2008 US\$'000	2007 US\$'000
<b>Deferred tax assets</b>		
Deferred tax asset to be recovered after more than 12 months	(1,492)	(3,218)
<b>Deferred tax liabilities</b>		
Deferred tax liability to be recovered after more than 12 months	1,492	3,218

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:

	Timing differences on development expenditure	Fair Value currency gains	Other	Total
Deferred tax liabilities:	US\$'000	US\$'000	US\$'000	US\$'000
<b>At 1 January 2007</b>	847	1,413	177	2,437
Recognised in income charge/(credit)	641	(27)	167	781
<b>At 31 December 2007</b>	1,488	1,386	344	3,218
Recognised in income credit/(charge)	(1,488)	22	(260)	(1,726)
<b>At 31 December 2008</b>	-	<b>1,408</b>	<b>84</b>	<b>1,492</b>

	Tax losses	Total
Deferred tax assets:	US\$'000	US\$'000
<b>At 1 January 2007</b>	(2,437)	(2,437)
Recognised in income credit	(781)	(781)
<b>At 31 December 2007</b>	(3,218)	(3,218)
Recognised in income charge	1,726	1,726
<b>At 31 December 2008</b>	<b>(1,492)</b>	<b>(1,492)</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:

	2008	2007
	US\$'000	US\$'000
Unused tax losses	24,576	24,000

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

	2008	2007
Basic	US\$'000	US\$'000
Loss attributable to ordinary shareholders	(1,508)	(2,280)
Weighted average number of ordinary shares outstanding	71,651,359	70,962,552
Basic loss per share (in US\$ cents)	(0.021)	(0.032)

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.

	2008	2007
Diluted	US\$'000	US\$'000
Loss attributable to ordinary shareholders	(1,508)	(2,280)
Weighted average number of ordinary shares outstanding	71,651,359	70,962,552
Adjustment for share options	-	-
Weighted average number of ordinary shares outstanding	71,651,359	70,962,552
Diluted loss per share (in US\$ cents)	(0.021)	(0.032)

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 the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
<b>Loss before income tax</b>	<b>(1,508)</b>	<b>(2,056)</b>	<b>(34)</b>	<b>(143)</b>
Adjustments for:				
-Interest receivable (Note 17)	(339)	(959)	-	-
-Depreciation (Note 4)	569	638	-	-
-Amortisation (Note 5)	3,170	2,512	-	-
-Employee share option amortisation (Note 10)	43	83	43	83
-Foreign exchange losses/(gains) on operating activities	1,168	(257)	-	-
-Fair value gains on derivative financial instruments	(442)	(78)	-	-
Changes in working capital:				
Trade and other receivables	2,212	(5,316)	58	(1,156)
Trade and other payables	(780)	1,001	(2)	3
<b>Cash generated from/(used in) operations</b>	<b>4,093</b>	<b>(4,432)</b>	<b>65</b>	<b>(1,213)</b>

## 21 Related party transactions

The following transactions were carried out with related parties:

(a) Key management personnel are deemed to be the directors of the company, as only the directors have authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly. The remuneration of and transactions with all directors has been disclosed in the Remuneration Report.

<b>Key management compensation</b>	<b>2008</b>	<b>2007</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Salaries and other short-term employee benefits	824	675
Post employment benefits	34	31
	<b>858</b>	<b>706</b>

Directors' fees of US\$84,000 (2007: US\$87,000) were accrued at the year end.

(b) Peter Lennon, non-executive director, provides legal services to the group through his firm, Lennon Heather. During 2008, legal services rendered amounting to US\$7,179 (2007: US\$26,720) were paid to Lennon Heather.

### Company

As at 31 December 2008, the company had a balance of US\$2,341,000 (2007: US\$2,391,000) 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 these amounts for impairment. Following this review, no provision for impairment was deemed necessary.

## 22 Contingencies

### (a) Government grants

The group has received grants from government agencies in respect of employment. Under certain circumstances, principally the failure to maintain the related jobs for a period of five years from the payment of the first instalment of the related employment grant, government grants received to 31 December 2008 may be repayable. The contingent liability existing at 31 December 2008 amounted to US\$0.7m (2007: US\$0.8m).

### (b) Litigation and disputes

The group is engaged in litigation arising in the normal course of its business. Management does not believe that any such litigation would impact the group to any material extent, and that the possibility of any outflow in settlement is remote.

## 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. The group is required to give a maximum of 12 months notice for the termination of these agreements.

Lease rentals in respect of these offices, amounting to US\$1.0m (2007 US\$1.0m), motor vehicles amounting to US\$0.1m (2007: US\$0.1m) and equipment amounting to US\$0.1m (2007: US\$0.3m) are included in the income statement.

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

	<b>2008</b>	<b>2007</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Within one year	88	350
Within two to five years	567	873
Over five years	10,827	11,102
	<b>11,482</b>	<b>12,325</b>

### (b) Capital commitments

The group had no capital commitments at 31 December 2008 (2007: 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 filing it with the Registrar of Companies. The company's loss for the financial year is US\$34,000 (2007: loss US\$143,000).

## 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 risks. The group has in place a risk management programme that seeks to manage the financial exposures 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 shareholder value of movements 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 2008 relates to Euro monetary assets totalling US\$2.6m, and Sterling monetary assets totalling US\$2.2m.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the group uses forward contracts. 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 2008, the principal amount of outstanding forward foreign exchange contracts was US\$5.8m (2007: US\$4.3m). The fair value of these outstanding foreign exchange contracts at 31 December 2008 was US\$0.4m (2007: US\$0.07m).

The group's treasury risk management policy is to contract between 75% and 100% of anticipated cash flows (mainly salary related costs) in Euro for the subsequent 6 months.

At 31 December 2008, if the Euro had strengthened by 10% against the US dollar with all other variables held constant, post-tax loss for the year would have been US\$0.4m (2007: loss US\$0.6m higher) lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, trade payables and cash.

At 31 December 2008, if Sterling had strengthened by 10% against the US dollar with all other variables held constant, post-tax loss for the year would have been US\$0.1m (2007: loss US\$0.2m lower) lower mainly as a result of foreign exchange gains/losses on translation of UK pound-denominated trade receivables, trade payables and cash.

#### (ii) Interest rate risk

Cash balances are the only interest bearing asset which earn interest at a fixed rate. The interest rate on floating rate deposits (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 2008, 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 (2007: US\$0.2m).

#### *(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 2008, 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 in the following table:

	<b>2008</b>	<b>2007</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash and cash equivalents</b>		
A	4,524	1,736
AA-	3,828	7,569
Not Rated*	2,368	7,288
<b>Derivative financial instruments</b>		
A-	443	78

\* 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's derivative financial instruments based on the remaining period at the balance sheet to the contractual maturity date are all 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 2008</b>	<b>Less than 1 Yr.</b>	<b>Between 1-2 Yrs</b>	<b>Between 2-5 Yrs</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Forward foreign exchange contracts:				
Outflow	5,820	-	-	5,820
Inflow	6,263	-	-	6,262
Trade & Other Payables	5,799	-	-	5,799

<b>At 31 December 2007</b>	<b>Less than 1 Yr.</b>	<b>Between 1-2 Yrs</b>	<b>Between 2-5 Yrs</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Forward foreign exchange contracts:				
Outflow	4,338	-	-	4,338
Inflow	4,416	-	-	4,416
Trade & Other Payables	6,677	-	-	6,677

### 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

### a) Standards, amendments and interpretations effective in 2008

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions': IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This IFRIC did not have a material impact on the group or company's operations.
- IFRIC 12, 'Service concession arrangements': IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. This IFRIC is not applicable to the group.
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in IAS 19 on the amount of a defined benefit surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This IFRIC is not applicable to the group.
- IAS 39 and IFRS 7 (Amendments) – 'Reclassification of Financial Assets' (effective from 1 July 2008). The amendment allows for the reclassification of certain financial assets previously classified as "held-for trading" or "available-for-sale" to another financial asset category under limited circumstances. Various disclosures are required where a reclassification has been made. These amendments are not applicable to the group.

### (b) Standards, amendment and interpretations effective for future periods

- IFRS 8, 'Operating segments' (effective for financial periods beginning on or after 1 January 2009). IFRS 8 replaces IAS 14 'Segment reporting'. IFRS 8 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 will apply IFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will not change.
- IFRS 3 (Revised), 'Business combinations', (effective for annual periods beginning on or after 1 July 2009). The standard continues to apply the acquisition method to business combinations, with some significant changes. These changes include a requirement that all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to minority interest. All transactions costs will be expensed. We do not anticipate this revision will have a material impact on the group's operations.
- IAS 23 (Amendment), 'Borrowing costs' (effective for financial periods beginning on or after 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. This IAS is not applicable to the group.

- IAS 1 (Revised), 'Presentation of financial statements' (effective for financial periods beginning on or after 1 January 2009). The revised standard will prohibit 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 will apply IAS 1 (Revised) from 1 January 2009, but we do not anticipate this revision to have a material impact on the group's operations.
- IFRS 2 (Amendment), 'Share-based payment' (effective for financial periods beginning on or after 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. The amendment also clarifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group will apply IFRS 2 (Amendment) from 1 January 2009, but we do not anticipate this revision to have a material impact on the group's operations.
- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective for financial periods beginning on or after 1 January 2009). The amendments to the two standards are still subject to endorsement by the EU. The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The group will apply the IAS 32 and IAS 1 (Amendment) from 1 January 2009, subject to endorsement by the EU, but we do not anticipate this revision to have a material impact on the group's operations.
- IFRS 1 (Amendment) 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' (effective for financial periods beginning on or after 1 January 2009). These amendments are still subject to endorsement by the EU. The amended IFRS 1 allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The group will apply IFRS 1 (Amendment) as subsidiaries of the group transition to IFRS, subject to endorsement by the EU. The amendment will not have any impact on the group's financial statements. The company will apply IAS 27 (Amendment) from 1 January 2009, subject to endorsement by the EU, and is currently assessing the impact on the group's financial statements.
- IAS 39 (Amendment) – Eligible Hedged Items, "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 July 2009). The amendment to the standard is still subject to endorsement by the EU. This amendment to IAS 39 clarifies how the principles that determine whether a hedged risk or portions of cash flows is eligible for designation should be applied. The group will

apply IAS 39 (Amendment) from the effective date, subject to EU endorsement, but we do not anticipate this amendment will have a material impact on the group's operations.

- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective for financial periods beginning on or after 1 July 2009). The revised standard is still subject to endorsement by the EU and requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill on acquisitions from non-controlling interests or gains and losses on disposals to non-controlling interests. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. This revision is not applicable to the group.

- IFRS 3 (Revised), 'Business combinations' (effective for financial periods beginning on or after 1 July 2009). The revised standard is still subject to EU endorsement. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010, subject to EU endorsement. This revision is not applicable to the group.

- IFRS 1 (Revised), 'First-time Adoption of International Financial Reporting Standards' (effective for financial periods beginning on or after 1 July 2009). The revised standard is still subject to EU endorsement. The current IFRS 1 has been amended many times to accommodate first time adoption requirements of new and amended IFRSs, resulting in a more complex and less clear standard. This revised version retains the substance of the original standard but with a changed structure. The revised IFRS 1 is not applicable to the group as it has already adopted IFRS, however it would be applicable to other entities in the group should they transition to IFRS at a future date, subject to EU endorsement. Improvements to IFRSs, (effective for financial periods beginning on or after 1 January 2009). The improvements to IFRS are still subject to EU endorsement. The IASB has issued the 'Improvements to IFRSs' standard which amends 20 standards, basis of conclusions and guidance based on the exposure draft issued in October 2007. The improvements include changes in presentation, recognition and measurement plus terminology and editorial changes. The group has reviewed the 'Improvements to IFRSs' and is currently assessing the impact on the group's financial statements.

- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This IFRIC is not relevant to the group's operations.

- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009). The interpretation is still subject to EU endorsement. The interpretation clarifies whether IAS 18, 'Revenue', or IAS 11, 'Construction contracts' should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions. This IFRIC is not relevant to the group's operations.

- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008). The interpretation is still subject to EU endorsement. IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in



functional currency not presentation currency, and hedging instruments may be held anywhere in the group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. This IFRIC is not relevant to the group's operations.

- IFRIC 17, 'Distributions of Non-cash Assets to Owners' (effective from 1 July 2009). The interpretation is still subject to EU endorsement. This interpretation applies to transactions in which an entity distributes assets (other than cash) as dividends to its owners acting in their capacity as owners and how an entity should measure the dividend payable. The IFRIC also clarifies when an entity should recognise a dividend payable, i.e. when the dividend is appropriately authorised and no longer at the discretion of the entity. The group will apply IFRIC 17 from its effective date, subject to EU endorsement, and is currently assessing the impact on the group's financial statements.
- IFRIC 18, 'Transfer of Assets from Customers' (effective from 1 July 2009). This interpretation concerns agreements in which an entity receives items of property, plant and equipment from a customer, that the entity must use to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. This IFRIC is not relevant to the group's operations.





