24 May 2016

easyHotel plc

Interim results for the six months ended 31 March 2016

Revenue up 11.6%
10.9% growth in adjusted EBITDA

easyHotel plc ("easyHotel" or the "Company") (AIM:EZH), the owner, developer, operator and franchisor of "super budget" branded hotels, today announces its interim results for the six months ended 31 March 2016.

Financial highlights

- Total system sales[1,2] up 10.4% to £9.66m (31 March 2015: £8.75m)
- Total revenue[2] was up 11.6% to £2.59m (31 March 2015: £2.32m), slightly ahead of Board expectations
- Like-for-like revenue for owned hotels increased by 8.0%
- Adjusted EBITDA[3] up 10.9% to £0.58m (31 March 2015: £0.52m)
- Profit before tax was £0.14m (31 March 2015: £0.37m), reflecting increased pre-opening costs (associated with the increased development pipeline), depreciation and amortisation and share based payments
- Interim dividend of 0.11p per share (31 March 2015: nil)

Business highlights

- Five owned hotel projects in progress with £4.59m of investment made during the period:
  - Construction commenced on sites in Liverpool and Manchester
  - Planning permission granted in Birmingham with completion expected in a few weeks' time
  - Planning permission submitted for new hotels in Barcelona and Ipswich
- Three new franchise hotels under construction in Brussels, Amsterdam and Bur Dubai (first hotel to be developed under Master Development Partnership signed with MAN Investments LLC to develop easyHotels in the UAE and Oman)

Commenting on the results, Guy Parsons, Chief Executive Officer, said:

"Trading in the first half of financial year 2015/16 was slightly ahead of the Board's expectations as owned hotels started to benefit from the new revenue management strategy. This momentum has continued into the beginning of the second half, traditionally the busiest trading months of the year for hoteliers, and full year trading is on track to meet the Board's expectations.

The Board remains focused on operational efficiency whilst ensuring the Company has the right infrastructure and resources in place to execute the growth strategy. The Company's committed owned and franchise pipeline is currently expected to add more than 1,000 rooms to the network over the next two years.

With more opportunities, both owned and franchise, available than had been expected the Board is considering its funding options to take full advantage of these opportunities. The Board remains confident that it can secure properties in major and regional UK cities as well as key European gateway cities whilst leveraging the strong brand to increase easyHotel's presence in the growing branded super budget hotel segment."

Explanatory footnotes:

[1] Total system sales is the full amount that the customer pays for owned and franchised hotels, including initial sign-on fees paid by franchisees to the Company
[2] 2015 amounts exclude the £0.27m termination fee of a South African franchisee agreement
[3] Adjusted EBITDA represents Earnings before Interest, Taxation, Depreciation and Amortisation, adjusted for pre-opening costs related to the development of hotels, organisational restructuring costs, share based payments and other non-recurring items

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Notes to Editors:

easyHotel is the owner, developer, operator and franchisor of branded hotels. Its strategy is to target the "super budget" segment of the hotel industry by marketing "clean, comfortable and safe" hotel rooms to its customers. Website: www.easyHotel.com

Operating hotels
easyHotel's owned hotels currently comprise 390 rooms, and it has a further 18 franchised hotels with 1,490 rooms.

Owned hotels:
Old Street (London), Glasgow, Croydon.

Franchise locations:
Bulgaria (Sofia), Czech Republic (Prague), Germany (Berlin, Frankfurt), Hungary (Budapest), The Netherlands (Amsterdam, Rotterdam, The Hague), Switzerland (Basel, Zurich), UAE (Dubai), UK (Edinburgh, London Central & Heathrow and Luton).

Hotel development pipeline
The Company's development pipeline of owned and franchised hotels currently consists of:

Owned hotels:
Liverpool (UK), Manchester (UK), Birmingham (UK)
Subject to planning permission: Barcelona (Spain), Ipswich (UK)

Franchise hotels:
Amsterdam (The Netherlands), Brussels (Belgium), Dubai (UAE)

Overview

Trading for the first six months ended 31 March 2016 was slightly ahead of the Board's expectations, primarily driven by a strong trading performance at the Company's owned hotels (which benefited from the new revenue management strategy announced in December 2015). Intensified efforts to identify suitable acquisition targets for owned hotel developments has resulted in an increased hotel development pipeline. In addition, the Company signed a new Master Development Partnership in the Middle East and has strengthened its relationships with existing and potential franchisees. The owned and franchise development pipeline is expected to add more than 1,000 rooms to the network over the next two years.

Strategy

easyHotel's principal growth strategy is to exploit fully the strength of its brand and significantly extend its presence in the growing branded super budget hotel segment through the roll-out of owned hotel developments alongside a targeted expansion of its franchise partnerships.

The owned hotel strategy is focused on developing hotels with approximately 100 rooms through the conversion of existing properties, new builds and the acquisition of going concerns which meet the Company's target of 15% unlevered return on capital employed at maturity. In addition, the Board will assess sites with returns below 15% in locations which offer superior risk adjusted returns over the longer term. The average timeframe from site identification to opening of an easyHotel is approximately two years, including purchase and conversion. It is expected that new hotels will reach maturity in the second full year of operation.

The Board believes there is long term potential for over 12,000 owned hotel rooms in the UK and Europe, of which over 8,000 would be in UK cities and over 4,000 in key gateway European cities. In addition, the franchise model offers the potential for over 15,000 franchised rooms, of which 4,000 would be in the UK and 11,000 in Europe and the Middle East, where sufficient demand exists in locations unsuitable for an owned hotel or where a franchise hotel can operate alongside an owned site and further build brand awareness. Outside Europe, the Company's medium term franchise growth will be focused on developing its presence in the Middle East, as demonstrated by our recent Master Development Partnership with MAN Investments.

Financial Performance

Overall trading for the first six months to 31 March 2016 was slightly ahead of the Board's expectations.

Revenue

Total revenue was up 11.6% to £2.59m (31 March 2015: £2.32m) excluding the South African franchise agreement termination fee of £0.27m recognised in 2015. Including the South African franchise agreement termination fee recorded in the first half of 2015, total revenue was flat at £2.59m (31 March 2015: £2.59m).

Owned hotel revenue increased 18.6% during the period to £2.02m (31 March 2015: £1.71m), reflecting a full six months' trading at Croydon and strong performances from Glasgow and Old Street, London.

Like-for-like owned hotel revenue was up 8.0%, (outperforming the competitive set (source: STR Global)) as the Company started to see early benefits from the new revenue strategy announced in December 2015.

Like-for-like franchise revenue increased by 1.1%. Total franchise revenue decreased by 35.9%, to £0.57m (31 March 2015: £0.88m), primarily as a result of the 2015 South African franchise agreement termination fee (31 March 2015: £0.27m).

Adjusted EBITDA and profit before tax

Adjusted EBITDA was up 10.9% at £0.58m (31 March 2015: £0.52m), reflecting strong trading particularly at the Company's three owned hotels. The Company uses adjusted Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA), adjusted for pre-opening costs related to the development of hotels (31 March 2016: £0.05m, 31 March 2015: nil), organisational restructuring costs, share based payments (31 March 2016: £0.12m, 31 March 2015: £0.00m) and other non-recurring items as the Board believes this Adjusted EBITDA measure more accurately reflects the key drivers of profitability for the group and removes those items which do not impact underlying trading performance.

In line with the Board's expectations, administrative expenses before depreciation and amortisation, pre-opening costs and share based payments increased to £1.10m (31 March 2015: £0.97m). The Company continues to maintain a tight control of costs and is committed to improving its operational efficiency, whilst ensuring it has the appropriate infrastructure and skilled resources in place to execute the Company's growth strategy.

Depreciation and amortisation costs increased to £0.22m (31 March 2015: £0.18m) reflecting the opening of the Company's owned hotel in Croydon.

Net finance expense was £0.03m (31 March 2015: £0.24m, including £0.21m unrealised loss on amounts due from Benelux franchisee).

Owned hotel profit before tax increased 20.8% to £0.81m (31 March 2015: £0.67m). easyHotel Croydon has performed well and in line with the Board's expectations since it opened in late 2014.

Franchised hotel profit before tax was £0.32m (31 March 2015: £0.45m). This reduction was primarily due to increased marketing expenditure and expenses related to new franchise hotels under development incurred ahead of the hotels opening, the 2015 South African franchise agreement termination fee (31 March 2015: £0.27m) and the 2015 unrealised loss on amounts due from Benelux franchisee (31 March 2015: £0.21m).

Adjusted profit before tax stated before pre-opening costs, share based payments, the 2015 South African franchise agreement termination fee and the 2015 unrealised loss on amounts due from Benelux franchisee was up 5.9% to £0.32m (31 March 2015: £0.30m). Reported profit before tax was £0.14m (31 March 2015: £0.37m).

Cash flows and Balance Sheet

During the first half of the year, cash and cash equivalents decreased to £17.61m (30 September 2015: £22.64), primarily due to investment in the five new owned hotel development projects (£4.59m), payment of stamp duty related to Old Street (£0.42m) and dividend payment (£0.20m). As a consequence, total non-current assets increased to £25.42m (30 September 2015: £21.02m).

Earnings per share and dividend

Basic earnings per share was 0.2p (31 March 2015: 0.4p).

The Board has announced an interim dividend of 0.11p per ordinary share (31 March 2015: nil). This is in line with the Company's dividend policy. The interim dividend will be paid on 1 July 2016 to those shareholders on the register at the close of business on 3 June 2016. The shares will go ex-dividend on 2 June 2016.

Review of operations

During the first half of the financial year the Company has continued to invest in establishing a strong operational platform to support its growth strategy for both owned and franchised hotels. The Board believes the Company now has a strong team in place with extensive hotel industry experience to execute its growth plans.

Owned hotels

Following a review of the Company's distribution and revenue management strategy in December 2015, the early benefits of the introduction of a dynamic pricing model to improve RevPAR performance at the Company's owned hotels and the release of a proportion of owned rooms to online travel agencies (OTAs) have started to come through. Implementation of these and other marketing initiatives to improve RevPAR, profitability and increase brand awareness has been encouraging, particularly in the Company's second quarter.

During the period, our owned hotels reported a strong trading performance with revenue up 18.6% year-on-year and like-for-like revenue up 8.0%.

The Company's three owned and operating hotels in Croydon, Glasgow and Old Street (London), all outperformed their competitive set during the period (source: STR Global). Revenue per available room (RevPAR) was £25.4, representing a weighted-average RevPAR growth of 9.9% (weighted by number of rooms). easyHotel Croydon, which fully opened in January 2015, has performed well and in line with the Board's expectations as the hotel becomes more established.

A decision by Islington Council regarding the Company's retrospective planning permission for additional rooms already added to easyHotel Old Street is now expected during summer 2016.

Franchise partners

Franchise hotels in key European cities have continued to trade well. Whilst the London hotel market has experienced slower demand in the year to date, the Company's franchise hotels have performed in line with the market (source: STR Global). Discussions are currently ongoing with the Company's franchise partners regarding the adoption of the new revenue management strategy implemented across the owned hotel estate which will provide scope to grow revenue.

Development pipeline

Since the start of the financial year, the Company has invested £4.6m in new projects through the identification of suitable properties for conversion and site acquisition to develop new hotels. Five owned hotel projects are either entering the construction phase or awaiting planning, with the first of these expected to open by January 2017. All these projects remain on track.

In line with the Company's strategy, the Board continues to review and assess a number of potential acquisitions in the UK and Europe against its strict criteria to further extend its footprint and it is considering its funding options to take full advantage of these opportunities.

Owned development pipeline

In December 2015, planning permission was granted for the 79-room owned hotel at 47 Castle Street in Liverpool and in January 2016 planning permission was granted for the 115-room hotel at Bradley House in Manchester and acquisition of the building completed. Both freehold properties are now owned and enabling works have commenced, with the easyHotel Liverpool expected to open by January 2017 and easyHotel Manchester by April 2017. On 19 May 2016, the Company announced it had been granted planning consent for the conversion of a property on John Bright Street in Birmingham into an 84-room easyHotel. The acquisition of the 125-year leasehold of the property is expected to complete in a few weeks' time. The hotel is expected to open by March 2017.

A further two projects which were announced in January 2016 are at the planning phase. The Company conditionally acquired a freehold building in Ipswich for conversion into a 94-room hotel and, subject to planning consent, the hotel is anticipated to open by June 2017. Land was acquired in L'Hospitalet de LLobregat, Barcelona for a new build 204-room hotel. This project, the first owned easyHotel project outside the UK, is progressing as anticipated and, subject to planning consent, is expected to open in early 2018.

Franchise development

The Company has 18 franchise hotels in its network and a further three under development. The Company continues to consider opportunities with both existing and new franchise partners to extend the easyHotel estate and fully exploit easyHotel's under-developed potential in this market, particularly where there is sufficient demand for smaller hotels to operate alongside owned sites or in locations where there are no immediate plans to open an owned hotel.

The Company's Benelux franchisee currently has two hotels in its development pipeline following the acquisition of a property in Brussels and in Amsterdam. Work has commenced on a 107-room hotel in Brussels and a 131-room hotel in Amsterdam and both hotels are expected to open by the end of 2016.

Outside Europe, the Company's franchise development strategy is focused on extending the brand's presence in the Middle East. In November 2015, a Master Development Partnership was signed with MAN Investments LLC for the development of easyHotels in the UAE and Oman, with an initial target of 600 rooms by 2017. Following these openings, MAN Investments is targeting at least 1,600 rooms by the end of 2020. This partner is continuing to progress towards its target, having received planning permission for the first 300-room hotel at Bur Dubai, which is expected to open during 2017. Discussions with other partners in the region are also in progress.

During the period, marketing expenditure and expenses were incurred ahead of the openings of these new franchise hotels which are currently in development.

Outlook

Trading in the first half of financial year 2015/16 was slightly ahead of the Board's expectations as owned hotels started to benefit from the new revenue management strategy. This momentum has continued into the beginning of the second half, traditionally the busiest trading months of the year for hoteliers, and full year trading is on track to meet the Board's expectations.

The Board remains focused on operational efficiency whilst ensuring the Company has the right infrastructure and resources in place to execute the growth strategy. The Company's committed owned and franchise pipeline is currently expected to add more than 1,000 rooms to the network over the next two years.

With more opportunities, both owned and franchise, available than had been expected the Board is considering its funding options to take full advantage of these opportunities. The Board remains confident that it can secure properties in major and regional UK cities as well as key European gateway cities whilst leveraging the strong brand to increase easyHotel's presence in the growing branded super budget hotel segment.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 March 2016

	Note	**Unaudited 6 months ended 31/03/2016 £**	Unaudited 6 months ended 31/03/2015 £	Audited year ended 30/09/2015 £
System Sales		**9,663,283**	9,021,333	19,950,888
Revenue	2	**2,589,057**	2,589,327	5,541,392
Cost of sales		**(966,625)**	(834,039)	(1,729,456)
Gross profit		**1,622,432**	1,755,288	3,811,936
Administrative expenses		**(1,452,893)**	(1,148,570)	(2,880,912)
Operating profit	3	**169,539**	606,718	931,024
Analysed as:				
Adjusted EBITDA*		**575,013**	518,715	1,456,565
Non-recurring items		**(8,479)**	269,500	(75,941)
Hotel pre-opening costs		**(48,965)**	-	(32,528)
Depreciation and amortisation		**(224,048)**	(179,166)	(387,000)
Share based payments	3	**(123,982)**	(2,331)	(30,072)
		169,539	606,718	931,024
Finance income	4	**80,241**	38,491	187,343
Finance expense	4	**(109,260)**	(279,857)	(330,794)
Profit before taxation		**140,520**	365,352	787,573
Taxation		**(57,448)**	(121,587)	(178,187)
Profit for the period		**83,072**	243,765	609,386
Other comprehensive income				
Items that will or may be reclassified to profit or loss				
- Exchange gains arising on retranslation of foreign operations		**41,479**	-	-
Total comprehensive income		**124,551**	243,765	609,386
Attributable to equity holders of the Company		**124,551**	243,765	609,386
Earnings per share				
Basic & diluted (pence)	9	**0.2**	0.4	1.0

*Adjusted EBITDA represents Earnings before Interest, Taxation, Depreciation and Amortisation adjusted for pre-opening costs related to the development of hotels, organisational restructuring costs, share based payments and other non-recurring items.

GROUP STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2016

6 months ended 31 March 2015
Unaudited

	Share Capital £	Share Premium £	Merger Reserve £	EBT Reserve £	Retained Earnings £	Total £
At 30 September 2014	625,000	28,592,036	2,750,001	(105,187)	902,778	32,764,628
Profit and total comprehensive income for the period	–	–	–	–	243,765	243,765
Share based payment charge	–	–	–	–	2,331	2,331
EBT share purchases	–	–	–	(962,218)	–	(962,218)
Balance at 31 March 2015	625,000	28,592,036	2,750,001	(1,067,405)	1,148,874	32,048,506

12 months ended 30 September 2015
Audited

	Share Capital £	Share Premium £	Merger Reserve £	EBT Reserve £	Retained Earnings £	Total £
At 30 September 2014	625,000	28,592,036	2,750,001	(105,187)	902,778	32,764,628
Profit and total comprehensive income for the period	–	–	–	–	609,386	609,386
Share based payment charge	–	–	–	–	30,072	30,072
EBT share purchases	–	–	–	(962,218)	–	(962,218)
Balance at 30 September 2015	625,000	28,592,036	2,750,001	(1,067,405)	1,542,236	32,441,868

6 months ended 31 March 2016
Unaudited

	Share Capital £	**Share Premium £**	**Merger Reserve £**	**EBT Reserve £**	**Currency Translation Reserve £**	**Retained Earnings £**	**Total £**
At 30 September 2015	**625,000**	**28,592,036**	**2,750,001**	**(1,067,405)**	**–**	**1,542,236**	**32,441,868**
Profit	**–**	**–**	**–**	**–**	**–**	**83,072**	**83,072**
Other comprehensive income	**–**	**–**	**–**	**–**	**41,480**	**–**	**41,480**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**41,480**	**83,072**	**124,552**
Share based payment charge	**–**	**–**	**–**	**–**	**–**	**123,982**	**123,982**
Dividends	**–**	**–**	**–**	**–**	**–**	**(202,538)**	**(202,538)**
Balance at 31 March 2016	**625,000**	**28,592,036**	**2,750,001**	**(1,067,405)**	**41,480**	**1,546,752**	**32,487,864**

GROUP STATEMENT OF FINANCIAL POSITION
at 31 March 2016

	Note	**Unaudited 6 months ended 31/03/2016 £**	Unaudited 6 months ended 31/03/2015 £	Audited year ended 30/09/2015 £
Assets				
Non-current assets				
Intangibles		**84,185**	59,536	67,266
Property, plant and equipment		**25,338,970**	19,418,278	20,950,446
Total non-current assets		**25,423,155**	19,477,814	21,017,712
Current assets				
Trade and other receivables	**5**	**364,633**	781,432	360,697
Cash and cash equivalents	**6**	**17,613,846**	23,011,035	22,635,566
Corporate taxation		**-**	-	6,908
Total current assets		**17,978,479**	23,792,467	23,003,171
Total assets		**43,401,634**	43,270,281	44,020,883
Liabilities				
Non-current liabilities				
Trade and other payables	**7**	**138,381**	167,200	144,539
Bank borrowings		**-**	7,200,000	7,200,000
Deferred tax liability		**142,145**	94,257	128,472
Total non-current liabilities		**280,526**	7,461,457	7,473,011
Current liabilities				
Trade and other payables	**7**	**3,396,379**	3,592,931	4,106,005
Bank borrowings		**7,200,000**	-	-
Corporate taxation		**36,865**	167,387	-
Total current liabilities		**10,633,244**	3,760,318	4,106,005
Total liabilities		**10,913,770**	11,221,775	11,579,015
Total net assets		**32,487,864**	32,048,506	32,441,868
Equity				
Equity attributable to owners of the Company				
Share capital		**625,000**	625,000	625,000
Share premium		**28,592,036**	28,592,036	28,592,036
Merger reserve		**2,750,001**	2,750,001	2,750,001
EBT reserve		**(1,067,405)**	(1,067,405)	(1,067,405)
Currency translation reserve		**41,480**	-	-
Retained earnings		**1,546,752**	1,148,874	1,542,236
Total equity		**32,487,864**	32,048,506	32,441,868

GROUP STATEMENT OF CASH FLOWS

for the period ended 31 March 2016

	Unaudited 6 months ended 31/03/2016 £	Unaudited 6 months ended 31/03/2015 £	Audited year ended 30/09/2015 £
Cash flows from operating activities			
Profit before taxation for the period	**140,520**	365,352	787,573
Adjustments for:			
Depreciation of property, plant and equipment	**224,048**	179,166	387,000
Share based payment charge	**123,982**	2,331	30,072
Finance income	**(80,241)**	(38,491)	(187,343)
Finance expense	**109,260**	279,857	330,794
Operating cash flows before movements in working capital	**517,569**	788,215	1,348,096
(Increase)/decrease in trade and other receivables	**(3,936)**	141,391	562,126
Increase/(decrease) in trade and other payables	**(715,784)**	(92,348)	382,130
Cash generated from/(utilized by) operations	**(202,151)**	837,258	2,292,352
Corporation tax paid	**-**	(25,372)	(222,053)
Net cash flows from operating activities	**(202,151)**	811,886	2,070,299
Finance income	**80,241**	38,491	187,343
Finance expense	**(109,260)**	(279,857)	(151,582)
Net cash generated from/(utilized by) operations	**(231,170)**	570,520	2,106,060
Investing activities			
Purchase of property, plant and equipment	**(4,590,299)**	(861,241)	(2,592,938)
Net cash used in investing activities	**(4,590,299)**	(861,241)	(2,592,938)
Financing activities			
Outflow from own share purchase	**-**	(962,218)	(962,218)
Dividend paid	**(202,538)**	-	-
Bank loan	**-**	-	(179,212)
Net cash utilised by financing activities	**(202,538)**	(962,218)	(1,141,430)
Net increase/(decrease) in cash and cash equivalents	**(5,024,007)**	(1,252,939)	(1,628,308)
Cash and cash equivalents at the beginning of the period	**22,635,566**	24,263,974	24,263,874
Exchange differences on transactions of foreign operations	**2,287**	-	-
Cash and cash equivalents at the end of the period	**17,613,846**	23,011,035	22,635,566

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the period ended 31 March 2016

1. Basis of accounting

The interim financial information set out in this interim report has been prepared under the recognition and measurement requirements of IFRS as adopted by the European Union but does not contain all of the disclosures that are required under these standards, taking into account International Financial Reporting Interpretations Committee (IFRIC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Based on these adopted IFRSs, the Directors have applied the accounting policies which they expect to apply when the annual IFRS financial statements are prepared for the year ending 30 September 2016.

The group's accounting policies remain as stated in the group's full annual accounts for the year ended 30 September 2015.

This report is not prepared in accordance with IAS 34, which is not mandatory. These interim results have not been audited but they have been reviewed in accordance with ISRE 2410 by the Company's auditors BDO LLP. The financial information for the year ended 30 September 2015 does not constitute the company's statutory accounts for that year, these have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. Copies of this report have been posted or provided electronically to shareholders. Further copies are available free of charge on request from the Company Secretary at the Company's registered office, easyHotel House, 80 Old Street, London EC1V 9AZ.

Basis of preparation – going concern

After making appropriate enquiries and having reviewed the Group's expenditure commitments, current financial projections and future cash flows, together with available cash resources and undrawn committed borrowing facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing these interim results.

2. Revenue

	Unaudited 6 months ended 31/03/2016 £	Unaudited 6 months ended 31/03/2015 £	Audited year ended 30/09/2015 £
Revenue arises from			
Owned hotel revenue	**2,021,985**	1,705,397	4,012,541
Franchisee hotel revenue	**567,072**	883,930	1,505,617
Other income	**-**	-	23,234
	2,589,057	2,589,327	5,541,392
Revenue by location			
United Kingdom	**2,215,165**	1,941,594	4,591,324
Europe	**287,444**	274,538	541,717
Rest of the world	**86,448**	373,195	408,351
	2,589,057	2,589,327	5,541,392

Franchisee hotel revenue and rest of the world revenue for the 6 months ending 31 March 2015 and year ended 30 September 2015 include a one-off amount of £269,500 recognised in relation to the early termination of easyHotel's franchising agreement with its South African franchisee.

3. Operating Profit

The following have been included in arriving at operating profit:

	Unaudited 6 months ended 31/03/2016 £	Unaudited 6 months ended 31/03/2015 £	Audited year ended 30/09/2015 £
Staff costs:			
- Wages and salaries	**763,728**	647,192	1,147,456
- Social security costs	**108,448**	69,404	150,534
- Staff recruitment and training	**2,289**	46,190	168,509
	874,465	762,786	1,466,499
Depreciation and amortisation	**224,048**	179,166	387,000
Share based payments	**123,982**	2,331	30,072

4. Finance Income and Expense

	Unaudited 6 months ended 31/03/2016 £	Unaudited 6 months ended 31/03/2015 £	Audited year ended 30/09/2015 £
Finance income includes			
Interest income on financial assets measured at amortised cost	**25,415**	28,878	55,981
Interest income on amounts due from Benelux franchisee	**14,287**	9,613	131,362
Foreign exchange gain	**40,539**	-	-
	80,241	38,491	187,343
Finance expense includes			
Interest expense on financial liabilities measured at amortised cost	**(109,260)**	(89,429)	(179,292)
Foreign exchange loss	**-**	(190,428)	(151,502)
	(109,260)	(279,857)	(330,794)

Foreign exchange loss includes an unrealized loss on amounts that were due from a Benelux franchisee of £205,522 for the 6 months ended 31 March 2015 and £136,940 for the year ended 30 September 2015. On 2 October 2014, the Group deposited €3.3m in escrow with a Belgian notary to allow a franchisee to secure an easyHotel property in Brussels. On 22 October 2015 the outstanding balance was repaid in full.

5. Trade and other receivables

	Unaudited 6 months ended 31/03/2016 £	Unaudited 6 months ended 31/03/2015 £	Audited year ended 30/09/2015 £
Trade receivables	**8,345**	631,672	19,316
Accrued Income	**11,244**	4,208	5,245
Total financial assets other than cash and cash equivalents classified as loans and receivables	**19,589**	635,880	24,561
Prepayments	**175,745**	145,552	334,979
VAT receivables	**169,140**	-	-
Other receivables	**159**	-	1,157
Total trade and other receivables	**364,633**	781,432	360,697
Classified as follows:			
Current portion	**364,633**	781,432	360,697

There is no material difference between the net book value and the fair values of trade and other receivables due to their short-term nature.

6. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances:

	Unaudited 6 months ended 31/03/2016 £	Unaudited 6 months ended 31/03/2015 £	Audited year ended 30/09/2015 £
Cash at bank and in transit	**17,613,846**	20,597,343	20,192,768
Restricted cash	**-**	2,413,692	2,442,798
	17,613,846	23,011,035	22,635,566

Restricted cash relates to the escrow referred to in note 4. At each period end the Group could have exchanged the amounts held in escrow for a bank guarantee.

7. Trade and other payables

	Unaudited 6 months ended 31/03/2016 £	Unaudited 6 months ended 31/03/2015 £	Audited year ended 30/09/2015 £
Trade payables	**660,409**	340,180	572,274
Other payables	**30,497**	29,339	33,836
Amounts payable to franchisees in future	**19,580**	444,882	590,839
Accruals	**338,937**	406,522	526,115
Total financial liabilities classified as financial liabilities measured as amortised cost	**1,049,423**	1,220,923	1,723,064
Other taxation and social security	**49,692**	508,332	528,276
VAT payable	**79,675**	43,610	76,670
Bookings in advance	**2,183,548**	1,805,982	1,733,767
Deferred Income	**172,421**	181,284	188,767
Total trade and other payables	**3,534,760**	3,760,131	4,250,544
Classified as follows:			
Non-current portion	**138,381**	167,200	144,539
Current portion	**3,396,379**	3,592,931	4,106,005
	3,534,760	3,760,131	4,250,544

There is no material difference between the net book value and the fair values of current trade and other payables due to their short-term nature.

8. Segment Information

The Group has two main reportable segments:

- **Owned properties** – This division is involved in hotel operations carried out in the Group's owned hotels and properties
- **Franchising** – This division involves the Group's franchise hotel operations, in connection with the license of the Group's brand name

	Owned properties £	Franchising £	**Total £**
31 March 2016			
Total revenue from external customers	**2,021,985**	**567,072**	**2,589,057**
Profit before taxation	**814,938**	**316,602**	**1,131,540**
Segment assets	**40,864,435**	**2,070,141**	**42,934,575**
Segment liabilities	**(8,323,791)**	**(2,070,141)**	**(10,393,932)**
Additions to non-current assets	**3,787,394**	**-**	**3,787,394**
Finance income/(expense)	**(64,725)**	**54,827**	**(9,898)**
Depreciation and amortisation	**(207,534)**	**-**	**(207,534)**
31 March 2015			
Total revenue from external customers	1,705,397	883,930	2,589,327
Profit before taxation (restated)	673,609	449,290	1,122,899
Segment assets	40,898,560	2,109,476	43,008,036
Segment liabilities	(8,600,806)	(2,109,476)	(10,710,282)
Additions to non-current assets	861,241	-	861,241
Finance income/(expense)	(61,439)	(180,815)	(242,254)
Depreciation and amortisation	(177,638)	-	(177,638)
30 September 2015			
Total revenue from external customers	4,013,320	1,506,913	5,520,233
Profit before taxation	1,760,913	880,211	2,641,124
Segment assets	41,363,530	2,263,480	43,627,010
Segment liabilities	(8,685,621)	(2,263,480)	(10,949,101)
Additions to non-current assets	2,533,877	-	2,533,877
Finance income	54,799	131,362	186,161
Depreciation and amortisation	(379,169)	-	(379,169)

8. Segment Information *(continued)*

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts is shown below:

	Unaudited 6 months ended 31/03/2016 £	Unaudited 6 months ended 31/03/2015 (restated) £	Audited year ended 30/09/2015 £
Profit before income tax			
Total profit of reportable segments	**1,131,540**	1,122,899	2,641,124
Corporate office expenses and interest	**(942,056)**	(757,547)	(1,475,582)
Director and board changes	**-**	-	(345,441)
Hotel pre-opening and development costs	**(48,965)**	-	(32,528)
Profit before tax per statement of comprehensive income	**140,520**	365,352	787,573
Assets			
Total assets for reportable segments	**42,934,575**	43,008,036	43,627,010
Cash in Employee Benefit Trust	**234,075**	234,113	233,849
Corporate office assets	**232,984**	28,132	153,115
Corporation tax	**-**	-	6,908
Total assets per statement of financial position	**43,401,634**	43,270,281	44,020,882
Liabilities			
Total liabilities for reportable segments	**(10,393,932)**	(10,710,282)	(10,949,101)
Corporation tax	**(36,865)**	(167,387)	-
Corporate office liabilities	**(340,828)**	(249,849)	(501,444)
Deferred tax liability	**(142,145)**	(94,257)	(128,470)
Total liabilities per statement of financial position	**(10,913,770)**	(11,221,775)	(11,579,015)

The segment expenses have been re-allocated to better reflect the underlying performance of the segments; the key expense categories that were reallocated are staff and marketing costs that were historically allocated to central overheads and have now been allocated to the franchise and owned segments. Accordingly the comparatives have been restated.

9. Earnings per share

Basic earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the financial period of 61,375,000 (31 March 2015: 61,881,868; 30 September 2015: 61,627,740). Diluted earnings per ordinary share are calculated using an additional 309,951 weighted average number of ordinary shares (31 March 2015: nil; 30 September 2015: nil). Earnings consist of profit for the period attributable to the shareholders amounting to £124,551 (31 March 2015: £243,765; 30 September 2015: £609,386).

10. Events after the reporting date

There are no events after the reporting date of a material nature that require additional disclosure.

11. Contingencies

A contingent liability exists in relation to a Section 106 planning contribution levy at the Company's Old Street hotel. The Group is seeking retrospective planning consent for rooms already added to the third and fourth floors of the hotel. The total of the Section 106 liability remains under discussion. The Group expects a decision to be made about the application during 2016.

A contingent liability exists in relation to a claim from a previous franchisee in South Africa. The total claim is for the amount of £113,194 and we are currently uncertain of the validity of this claim. We are currently seeking legal advice on this matter.

INDEPENDENT REVIEW REPORT TO EASYHOTEL PLC

Introduction

We have been engaged by the company to review the interim financial information in the interim results for the six months ended 31 March 2016 which comprises the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Statement of Financial Position, Group Statement of Cash Flows, and the related notes.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial information.

Directors' responsibilities

The interim results, including the interim financial information contained therein, are the responsibility of and have been approved by the directors. The directors are responsible for preparing the interim results in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the interim results be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the interim financial information in the interim results based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information in the interim results for the six months ended 31 March 2016 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO LLP
Chartered Accountants and Registered Auditors
55 Baker Street
London W1U 7EU
United Kingdom
23 May 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).