Hostelworld Group plc

Report and Consolidated Financial Statements for the six months ended 30 June 2016

REGISTERED NUMBER 09818705

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

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RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the board

Feargal Mooney	Mari Hurley
Chief Executive Officer	Chief Financial Officer
Date: 22 August 2016	Date: 22 August 2016

To the members of Hostelworld Group plc

Cautionary statement

This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Hostelworld Group plc and its subsidiary undertakings when viewed as a whole.

Strategic Update

Notwithstanding the more challenging market conditions for the travel industry particularly in Europe, the Group continues to make substantial progress in implementing our key strategic objectives. In our most recent annual report, we reported the Group's key objectives for 2016 were (1) to ensure our platforms are the preferred choice for the growing number of young independent travellers worldwide to visit when planning their trips; (2) to further improve our customer experience by allowing for seamless transactions across multiple devices with consistency of user experience and functionality; (3) to work closely with accommodation providers assisting them with yield management and revenue optimisation and (4) to expand in markets where the offline to online travel shift is still emerging and where there is a significant penetration opportunity for hostels and budget accommodation product.

Financial Review

Key Performance Indicators

	H1 '16	**H1 '15**	**% change**	**Constant Currency % change**	**Financial Year 2015**
Bookings – Hostelworld brand (m)	3.0	2.6	16%		5.2
Bookings – supporting brands and channels (m)	0.5	1.1	-51%		2.0
Total Booking Volume (m)	3.5	3.6	-4%		7.2
Net Revenue (€m)	**40.2**	**43.9**	**-9%**	**-7%**	**83.5**
Average Booking Value ("ABV") (gross) (€)	11.8	12.6	-6%		12.1
Adjusted EBITDA	**10.1**	**10.0**	**1%**	**+4%**	**23.6**

The Group's flagship brand is Hostelworld which now accounts for circa 85% of Group bookings. Since the start of 2015, the Group has focused its attention and resources on this brand, increasing its relevance to and reach amongst the target young independent traveller as evidenced by its continued strong bookings growth of 16% in the six months to 30 June 2016. Whilst bookings of the Hostelworld brand grew, those of the Group's supporting brands (notably Hostelbookers) were 51% lower for the six month period from January to June. This reflected planned changes to their product offering, the Group's focus on improving the quality of its revenue streams and the more marked impact on these brands of an evolving online travel landscape. Overall group bookings declined by 4%, impacted by weaker demand in Europe, and by the strategy to optimise margin performance especially on the supporting brand channels. The associated Total Transaction Values ("TTV") in the six months ended 30 June 2016 were €284m (30 June 2015: €339m), while average commission rates in the six months ended 30 June 2016 increased to 13.7% (30 June 2015: 13.1%).

Group net revenue decreased by 9% for the six month period from January to June 2016, which corresponds to a 7% decrease on a constant currency basis.

This is due to the fact that average booking value has been 6% lower in the current period, reflecting the evolving geographic mix, the continued higher proportional growth in bookings of shorter duration, the greater percentage of bookings into hostel dorm beds, lower bed prices in certain destinations and exchange rate movements, particularly in relation to GBP which is a key settlement currency for the Group. These negative factors were partially offset by increased penetration of the Elevate pricing product. In the six months to 30 June 2016, 28% of group bookings (2015: 17%) attracted the higher Elevate commission at an average commission rate of 16.8% (2015: 16.0%).

The Group realised strong efficiencies in the online marketing campaigns for the flagship Hostelworld brand and this together with the strategy of optimising for margin rather than volume on the supporting brand channels resulted in marketing spend as a percentage of net revenue in the first half of 2016 reducing to 43% as compared to 50% in the first half of 2015. Bookings in not-paid-for channels increased to 61% of total bookings (2015: 58%).

Bookings on mobile devices now represent 45% of Hostelworld brand bookings as compared to 36% in the six months ended 30 June 2015.

Adjusted EBITDA

Group adjusted EBITDA of €10.1m has increased by 1% relative to the six months ended 30 June 2015 and by 4% on a constant currency basis. Adjusted EBITDA as a percentage of net revenue increased from 23% to 25%.

Administrative expenses decreased by €3.8m to €30.4m in the six months ended 30 June 2016. A key contributory factor was the efficiencies achieved in online marketing which resulted in lower marketing expenses of €17.2m in the six months to 30 June 2016 as compared to €22.0m in the prior period. Marketing spend per booking declined by 18% from €6.03 to €4.93.

Staff costs were €7.5m during the six months ended 30 June 2016 (2015: €6.9m). Excluding the impact of the level of development labour capitalised (2016: €1.2m; 2015: €2.1m), on a like for like basis, gross staff costs decreased by 4% or €0.3m. Other costs, excluding listed company related costs were in line with 2015.

Reconciliation between Operating Profit and Adjusted EBITDA:

(€m)	**H1 16**	**H1 15**	**Financial Year 2015**
Operating (loss)/profit	(5.5)	3.7	7.2
Depreciation	0.5	0.4	0.8
Amortisation of development costs	1.6	0.7	1.4
Amortisation of acquired intangible assets	4.9	5.0	9.9
Impairment charges	8.2	-	-
Exceptional items	0.3	0.3	4.3
Share option charge	0.1	-	-
Adjusted EBITDA	**10.1**	**10.0**	**23.6**

Following a review of trading performance and due to the supporting brands now being run for margin and not for volume, the resultant level of bookings and revenue derived from the Hostelbookers website being less than previously projected, the directors reassessed the estimated future cashflows associated with the Hostelbookers intellectual property assets. This has led to the recognition of an impairment charge of €8,199k in relation to the value of the Hostelbookers domain names. The estimated useful life of these domain names was also reduced to a period of seven and half years from the reporting date of 30 June 2016. Exceptional items for the six months to 30 June 2016 were €0.3m (2015: €0.3m) and were primarily redundancy related costs. The share option charge for the period reflects the share based payment charge arising on the issuance of 928,464 nil cost options in April 2016 in accordance with the Group's Long Term Incentive Plan (LTIP).

Adjusted Profit after Taxation

€m	H1 16	H1 15	Financial Year 2015
Adjusted EBITDA	10.1	10.0	23.6
Depreciation	(0.5)	(0.4)	(0.8)
Amortisation of development costs	(1.6)	(0.7)	(1.4)
Corporation tax	(0.3)	(0.1)	(0.4)
Adjusted Profit after Taxation	**7.7**	**8.8**	**21.0**
Exceptional costs	(0.3)	(0.3)	(4.3)
Amortisation of acquired intangibles	(4.9)	(5.0)	(9.9)
Net financial costs	-	(18.3)	(30.9)
Other gains	-	-	104.2
Share option charge	(0.1)	-	-
Impairment charges	(8.2)	-	-
Deferred taxation	1.1	-	1.0
(Loss)/profit for the period	**(4.7)**	**(14.8)**	**81.2**

Adjusted Profit after Taxation is a metric that the Group uses to calculate the dividend payout for the year. It excludes exceptional costs, amortisation of acquired domain and technology intangibles, impairment charges, net finance costs, share option charge and deferred taxation which can have large impacts on the reported result for the year, and which can make underlying trends difficult to interpret.

The Group corporation tax charge of €0.3m is an effective tax rate (corporation tax as a percentage of Adjusted EBITDA) of 3.43%. The corresponding charge in the six months ended 30 June 2015 of 1.13% is reflective of the previous capital structure of the Group.

The outcome of the impairment review resulted in a reduction in the carrying value of the deferred tax liability. This was partially offset by the amortisation of deferred tax assets, resulting in overall net deferred tax credit of €1.1m for the six months period ended 30 June 2016.

Foreign exchange risk

The Group's primary operating currency is the euro. The Group also has significant sterling and US dollar cash flows. Restated on a constant currency basis, revenues have declined by 7% (€2.8m) and Adjusted EBITDA has increased by 4% (€0.4m) for the six months ended 30 June 2016. Constant currency is calculated by applying the average exchange rates for the six months period ended 30 June 2016 to the financial results for the six months period ended 30 June 2015 on a month by month basis. The Group's principal policy is to match cashflows of like currencies, with excess sterling and US dollar revenues being settled into euros on a timely basis.

Dividend

The Group is committed to an attractive dividend policy, and is pleased to recommend an interim dividend of €4.6m or 4.8 cent per share which is in line with the Group's stated dividend policy. This dividend has not been included as a liability in these condensed consolidated financial statements. The proposed dividend is payable on 27 September to all shareholders on the Register of Members on 2 September 2016.

In May 2016, the Group paid a maiden dividend of €2.6m or 2.75 cent per share in respect of the period from Admission on 02 November 2015 to 31 December 2015.

Adjusted Free Cashflow conversion

€m	**H1 16**	**H1 15**	**2015**
Adjusted EBITDA	10.1	10.0	23.6
Capitalised development spend	(1.2)	(2.1)	(4.3)
Capital expenditure	(0.6)	(1.6)	(3.2)
Interest and tax paid	(0.1)	(0.1)	0.2
Net movement in working capital (1)	2.6	1.4	(1.1)
Adjusted Free Cashflow	**10.8**	**7.6**	**15.3**
Adjusted FCF conversion	*107%*	*75%*	*65%*

(1) changes in working capital excludes the effects of exceptional costs

The Group has a business model which produces strong free cash flow conversion, with a negative working capital cycle on operational cash flows. The lower level of capitalised development expenditure and capital expenditure in 2016, resulted in higher adjusted free cashflow conversion of 107% (30 June 2015: 75%).

Total Cash at 30 June 2016 was €18.7m (30 June 2015: €11.0m), of which €2.2m is held in a restricted account as part of a guarantee related to the lease of the Dublin office. There were no borrowings at 30 June 2016 (30 June 2015: €324.5m, all of which were shareholder related).

Related party transactions

Related party transactions are disclosed in note 16 to the condensed set of financial statements. There have been no changes in the related party transactions described in the last annual report which would have had a material effect on the financial position or performance of the Group.

Risks and uncertainties

The principal risks and uncertainties facing the Group remain those disclosed in the annual report for the year ended 31 December 2015. A detailed explanation of the risks and how the Group seeks to mitigate the risks, can be found on pages 23 to 27 of the annual report which is available at www.hostelworldgroup.com.

The Group will continue to evaluate the impact of the UK's EU referendum result on exchange rates and on travel patterns. The UK as a destination represents 7% of group bookings and 14% of Hostelworld brand bookings are from UK nationals.

Going concern

As stated in note 2 to the condensed financial statements, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Future outlook

Trading during the key months of July and August has been in line with our expectations, underpinned by the strength of our brand and platform. We will continue to manage the risks to our business posed by any further terrorist attacks on travel demand and patterns and by macro-economic uncertainties and currency fluctuations surrounding Brexit and, based on our performance for the year to date our expectations for the full year are unchanged.

By order of the board

Feargal Mooney	Mari Hurley
Chief Executive Officer	Chief Financial Officer
Date: 22 August 2016	Date: 22 August 2016

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	**Six months ended 30 June 2016 €'000 (Unaudited)**	**Six months ended 30 June 2015 €'000 (Audited)**	**Year ended 31 December 2015 €'000 (Audited)**
Revenue	3	**40,168**	43,915	83,451
Administrative expenses	4	**(30,437)**	(34,158)	(64,087)
Depreciation and amortisation expenses	4	**(7,000)**	(6,084)	(12,170)
Impairment losses	4	**(8,199)**	-	-
Operating (loss)/profit		**(5,468)**	3,673	7,194
Financial income		**2**	-	8
Financial costs	5	**(36)**	(18,322)	(30,866)
Other gains	5	**-**	-	104,158
(Loss)/profit before taxation		**(5,502)**	(14,649)	80,494
Taxation	6	**795**	(133)	680
(Loss)/profit for the period attributable to the equity owners of the parent company		**(4,707)**	(14,782)	81,174
Basic and diluted (loss)/earnings per share (cents)	7	**(4.93)**	(492.70)	445.59

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June 2016 €'000 (Unaudited)	**Six months ended 30 June 2015 €'000 (Audited)**	**Year ended 31 December 2015 €'000 (Audited)**
(Loss)/profit for the period	**(4,707)**	(14,782)	81,174
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(562)**	389	333
Total comprehensive (expense)/income for the period attributable to equity owners of the parent company	**(5,269)**	(14,393)	81,507

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	30 June 2016 €'000 (Unaudited)	30 June 2015 €'000 (Audited)	31 December 2015 €'000 (Audited)
Non-current assets				
Intangible assets	8	**145,463**	162,396	158,972
Property, plant and equipment	9	**3,552**	2,615	3,523
Deferred tax assets		**919**	617	1,325
		149,934	165,628	163,820
Current assets				
Trade and other receivables	10	**3,215**	5,789	3,249
Corporation tax		**-**	778	3
Cash and cash equivalents	11	**18,652**	10,985	13,620
		21,867	17,552	16,872
Total assets		**171,801**	183,180	180,692
Issued capital and reserves attributable to equity owners of the parent				
Share capital	12	**956**	30	956
Share premium		**-**	13,521	-
Other reserves		**3,745**	-	3,628
Foreign currency translation reserve		**133**	751	695
Retained earnings/(accumulated losses)		**154,083**	(172,883)	161,418
Total equity attributable to equity holders of the parent company		**158,917**	(158,581)	166,697
Non-current liabilities				
Borrowings	13	**-**	306,152	-
Deferred tax liabilities		**1,003**	2,915	2,563
		1,003	309,067	2,563
Current liabilities				
Borrowings	13	**-**	18,302	-
Trade and other payables	14	**11,547**	14,288	11,405
Corporation tax		**334**	104	27
		11,881	32,694	11,432
Total liabilities		**12,884**	341,761	13,995
Total equity and liabilities		**171,801**	183,180	180,692

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Share capital €'000	Share premium €'000	Retained earnings/ Accumulated losses €'000	Other reserves €'000	Foreign currency translation reserve €'000	Total €'000
As at 1 January 2015	30	13,521	(158,101)	-	362	(144,188)
Total comprehensive (expense)/ income for the period	-	-	(14,782)	-	389	(14,393)
As at 30 June 2015	30	13,521	(172,883)	-	751	(158,581)
Elimination on reorganisation	(30)	(13,521)	-	-	-	(13,551)
Issue of capital (net of costs)	956	238,345	-	-	-	239,301
Merger reserve	-	-	-	3,628	-	3,628
Capital reduction	-	(238,345)	238,345	-	-	-
Total comprehensive income/ (expense) for the period	-	-	95,956	-	(56)	95,900
As at 31 December 2015	956	-	161,418	3,628	695	166,697
Dividends	-	-	(2,628)	-	-	(2,628)
Credit to equity for equity settled share based payments	-	-	-	117	-	117
Total comprehensive (expense)/ income for the period	-	-	(4,707)	-	(562)	(5,269)
As at 30 June 2016	**956**	**-**	**154,083**	**3,745**	**133**	**158,917**

HOSTELWORLD GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June 2016 €'000 (Unaudited)	Six months ended 30 June 2015 €'000 (Audited)	Year ended 31 December 2015 €'000 (Audited)
Cash flows from operating activities			
(Loss)/profit before tax	**(5,502)**	(14,649)	80,494
Depreciation of property, plant and equipment	**480**	382	813
Amortisation of intangible assets	**6,520**	5,702	11,357
Impairment of intangible assets	**8,199**	-	-
Transaction costs (included within financing activities)	**-**	-	4,546
Loss on disposal of property, plant and equipment	**-**	130	251
Financial income	**(2)**	-	(8)
Financial expense	**36**	18,322	30,866
Other gains	**-**	-	(104,158)
Employee equity settled share based payment expense	**121**	-	-
Changes in working capital items:			
Increase/(decrease) in trade and other payables	**292**	1,943	(940)
Increase in trade and other receivables	**(472)**	(3,463)	(1,117)
Cash generated from operations	**9,672**	8,367	22,104
Interest paid	**(36)**	-	(79)
Interest received	**2**	-	8
Income tax (paid)/refunded	**(49)**	(131)	319
Net cash from operating activities	**9,589**	8,236	22,352
Cash flows from investing activities			
Acquisition/capitalisation of intangible assets	**(1,210)**	(2,082)	(4,321)
Purchases of property, plant and equipment	**(600)**	(1,651)	(3,168)
Net cash used in investing activities	**(1,810)**	(3,733)	(7,489)
Cash flows from financing activities			
Dividend payment	**(2,628)**	-	-
Repayment of shareholders' loans	**-**	(13,784)	(195,125)
Proceeds on issue of shares, net of expenses	**-**	-	173,607
Net cash used in financing activities	**(2,628)**	(13,784)	(21,518)
Net increase/(decrease) in cash and cash equivalents	**5,151**	(9,281)	(6,655)
Cash and cash equivalents at the beginning of the period	**13,620**	19,942	19,942
Effect of exchange rate changes on cash and cash equivalents	**(119)**	324	333
Cash and cash equivalents at the end of the period	**18,652**	10,985	13,620
Restricted cash balances	**(2,225)**	-	(2,225)
Unrestricted cash balances at the end of the period	**16,427**	10,985	11,395

1. GENERAL INFORMATION

Hostelworld Group plc, hereinafter "the Company", is a public limited company incorporated in the United Kingdom on the 9 October 2015. The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as “the Group”). The condensed consolidated interim financial statements for the period ended 30 June 2016 are unaudited.

The information for the year ended 31 December 2015 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts and their report 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.

These interim financial statements were authorised for issue by the Board of Directors of Hostelworld Group plc on 22 August 2016.

2. ACCOUNTING POLICIES

Basis of preparation

The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’, as adopted by the European Union. The Group has not previously produced a half-yearly report containing a condensed set of consolidated financial statements.

The comparatives for the six month period ended 30 June 2015 presented in these financial statements are the audited consolidated results of Wings Lux 2 S.à r.l and the statement of financial position at that date reflects the share capital structure of Wings Lux 2 S.à r.l.

The consolidated statement of financial position for the financial year ended 31 December 2015, presents the legal change in ownership of the Group, including the share capital of Hostelworld Group plc and the merger reserve arising as a result of the group reorganisation and the IPO transaction.

Going concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Accounting policies

Since the last Annual Report a number of amendments to existing accounting standards have been adopted. These had no material impact on the financial statements.

Accounting estimates and judgements

In preparing these interim consolidated financial statements, the directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the directors in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

3. REVENUE & SEGMENTAL ANALYSIS

The Group is managed as a single business unit which provides software and data processing services that facilitate hostel, hotel and other accommodation worldwide, including ancillary on-line advertising revenue.

The directors determine and present operating segments based on the information that is provided internally to the CEO, who is the Company's Chief Operating Decision Maker (CODM). When making resource allocation decisions, the CODM evaluates booking numbers and average booking value. The objective in making resource allocation decisions is to maximise consolidated financial results.

All segmental revenue is derived wholly from external customers and, as the Group has a single reportable segment, inter-segment revenue is zero. There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss.

Reportable segment information is presented as follows:

	Six months ended 30 June 2016 €'000 (Unaudited)	**Six months ended 30 June 2015 €'000 (Audited)**	**Year ended 31 December 2015 €'000 (Audited)**
Europe	**25,409**	28,798	53,812
Americas	**7,218**	7,634	14,951
Asia, Africa and Oceania	**7,541**	7,483	14,688
Total revenue	**40,168**	43,915	83,451

4. OPERATING EXPENSES

(Loss)/profit for the period has been arrived at after charging the following operating costs:

	Six months ended 30 June 2016 €'000 (Unaudited)	Six months ended 30 June 2015 €'000 (Audited)	Year ended 31 December 2015 €'000 (Audited)
Marketing expenses	**17,211**	21,962	37,410
Credit card processing fees	**1,055**	1,037	1,958
Staff costs	**7,502**	6,945	12,721
Loss on disposal of property, plant and equipment	**-**	-	251
Exceptional Items	**271**	291	4,267
Other administrative costs	**4,398**	3,923	7,480
Total administrative expenses	**30,437**	34,158	64,087
Depreciation of tangible fixed assets	**480**	382	813
Amortisation of intangible fixed assets	**6,520**	5,702	11,357
Impairment of intangible assets	**8,199**	-	-
Total operating expenses	**45,636**	40,242	76,257

5. FINANCIAL COSTS AND OTHER GAINS

	Six months ended 30 June 2016 €'000 (Unaudited)	Six months ended 30 June 2015 €'000 (Audited)	Year ended 31 December 2015 €'000 (Audited)
Finance costs:			
Interest payable on shareholders' loans	**-**	18,305	30,786
Bank commission and other charges	**36**	17	80
Total finance costs	**36**	18,322	30,866

Other gains

In 2015, other gains relate solely to the write off of shareholder loans of €104,158k as part of the Group reorganisation in November 2015.

6. TAXATION

The corporation tax charge for the six month period is €347k (30 June 2015: €114k), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

The deferred tax credit for the six month period of €1,142k (30 June 2015: charge of €19k) relates to the reduction in carrying value of the deferred tax liability arising from the impairment charge (Note 8), offset by the amortisation of deferred tax assets.

7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June 2016	**Six months ended 30 June 2015**	**Year ended 31 December 2015**
Weighted average number of shares in issue (‘000s)	**95,571**	3,000	18,217
(Loss)/profit for the period (€’000s)	**(4,707)**	(14,782)	81,174
Basic (loss)/earnings per share (cents)	**(4.93)**	(492.70)	445.59
Diluted (loss)/earnings per share (cents)	**(4.93)**	(492.70)	445.59

Actual earnings per share, calculated by dividing the net profit/(loss) attributable to ordinary shareholders by the actual number of ordinary shares in issue at 30 June 2016, is a loss per share of 4.93 cents (30 June 2015: loss per share of 15.47 cents; 31 December 2015: earnings per share of 84.94 cents).

8. INTANGIBLE ASSETS

The table below shows the movements in intangible assets for the period:

	Goodwill €'000	Domain Names €'000	Technology €'000	Affiliates Contracts €'000	Capitalised Development Costs €'000	Total €'000
Cost						
Balance at 1 January 2015	47,274	214,640	13,325	5,500	1,414	282,153
Additions	-	-	-	-	2,082	2,082
Effect of foreign currency exchange difference	-	-	-	-	11	11
Balance at 30 June 2015	47,274	214,640	13,325	5,500	3,507	284,246
Additions	-	-	-	-	2,251	2,251
Effect of foreign currency exchange difference	-	-	-	-	(23)	(23)
Balance at 31 December 2015	47,274	214,640	13,325	5,500	5,735	286,474
Additions	-	-	-	-	1,211	1,211
Effect of foreign currency exchange difference	-	-	-	-	(1)	(1)
Balance at 30 June 2016	**47,274**	**214,640**	**13,325**	**5,500**	**6,945**	**287,684**
Accumulated amortisation and impairment						
Balance at 1 January 2015	(29,426)	(68,145)	(12,658)	(5,500)	(416)	(116,145)
Charge for the period	-	(4,843)	(118)	-	(741)	(5,702)
Effect of foreign currency exchange difference	-	-	-	-	(3)	(3)
Balance at 30 June 2015	(29,426)	(72,988)	(12,776)	(5,500)	(1,160)	(121,850)
Charge for the period	-	(4,801)	(160)	-	(691)	(5,652)
Balance at 31 December 2015	(29,426)	(77,789)	(12,936)	(5,500)	(1,851)	(127,502)
Charge for the period	-	(4,844)	(117)	-	(1,559)	(6,520)
Impairment	-	(8,199)	-	-	-	(8,199)
Balance at 30 June 2016	**(29,426)**	**(90,832)**	**(13,053)**	**(5,500)**	**(3,410)**	**(142,221)**
Net book value						
At 30 June 2015	17,848	141,652	549	-	2,347	162,396
At 31 December 2015	17,848	136,851	389	-	3,884	158,972
At 30 June 2016	**17,848**	**123,808**	**272**	**-**	**3,535**	**145,463**

8. INTANGIBLE ASSETS (CONTINUED)

In 2016, following a review of trading performance and due to bookings and revenue being less than previously projected, the directors reassessed the estimated future cashflows associated with the Hostelbookers intellectual property assets. This led to the recognition of an impairment charge of €8,199k in relation to the value of the Hostelbookers domain names. The estimated useful life of these domain names was also reduced to a period of seven and half years from the reporting date of 30 June 2016.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group invested €600k on additional property, plant and equipment (30 June 2015: €1,651k)

10. TRADE AND OTHER RECEIVABLES

	30 June 2016 €'000 (Unaudited)	30 June 2015 €'000 (Audited)	31 December 2015 €'000 (Audited)
Amounts falling due within one year			
Trade receivables	**991**	1,651	621
Prepayments and accrued income	**790**	1,250	822
Value Added Tax	**1,434**	1,802	1,806
Amount due from related parties	**-**	1,086	-
	3,215	5,789	3,249

11. CASH AND CASH EQUIVALENTS

	30 June 2016 €'000 (Unaudited)	30 June 2015 €'000 (Audited)	31 December 2015 €'000 (Audited)
Cash and cash equivalents	**18,652**	10,985	13,620
Restricted cash balances	**(2,225)**	(2,225)	(2,225)
Unrestricted cash balances	**16,427**	8,760	11,395

In 2015, the Group entered into a guarantee with AIB Bank plc related to the lease of office space in Dublin. The guarantee requires that €2,225k remains on deposit with the bank, reducing over the duration of the lease up to its first break period in April 2025.

12. SHARE CAPITAL

The share capital of the Group is represented by the share capital of the parent company, Hostelworld Group plc. This company was incorporated on 9 October 2015 to act as the holding company of the Group, and as a management services company. Prior to this the share capital of the Group was represented by the share capital of the previous parent, Wings Lux 2 S.à r.l.

Share capital as at 30 June 2016 amounted to €955,708. There were no additional shares issued during the six month period ending 30 June 2016.

13. BORROWINGS

The Group had no borrowings at 30 June 2016 (30 June 2015: €324,454k; 31 Dec 2015: €Nil). The balance owing at 30 June 2015 related to shareholder loans (€306,152k) and their associated accrued interest (€18,302k). All of these balances were satisfied as part of the Group reorganisation in November 2015.

On 21 October 2015, in connection with the IPO process, the Group entered into a working capital facility with AIB Bank plc for €2,500k. During the period to 30 June 2016 there have been no drawdowns under this facility.

14. TRADE AND OTHER PAYABLES

	30 June 2016 €'000 (Unaudited)	30 June 2015 €'000 (Audited)	31 December 2015 €'000 (Audited)
Amounts falling due within one year			
Trade payables	**3,674**	4,648	5,439
Accruals and other payables	**7,115**	8,348	5,168
Payroll taxes	**674**	571	694
Value Added Tax	**84**	436	104
Amount due to related parties	**-**	285	-
	11,547	14,288	11,405

15. SHARE BASED PAYMENTS

On 5 April 2016, 928,464 nil cost share options were granted to employees as part of a long term incentive plan. These share options will vest on 4 April 2019, subject to meeting performance conditions.

16. RELATED PARTY TRANSACTIONS

At the reporting date, the Group had no amounts owing to any of the related parties listed below.

During the six months ended 30 June 2016, as disclosed in the Annual Report, the former controlling shareholder of the Group, H&F Wings Lux 1 S.à r.l. ("Lux 1") paid a discretionary bonus payment of €1,559k (€1,400k net of employer taxes) to certain senior management and employees of the Group in relation to their performance up to the date of Admission. The Group did not bear any costs associated with this payment. Mr. Feargal Mooney, executive director and CEO, received an award of €850k.

The Group had borrowings from Lux 1 comprising of H PECs and accrued interest thereon of €257,779k as at 30 June 2015 (31 December 2015: Nil). The Group also had borrowings from a shareholder, Wings Mgt Equity Co Limited, comprising A & B PECs and accrued interest thereon. As at 30 June 2015 there was €66,675k due on these borrowings (31 December 2015: Nil).

At 30 June 2015; the Group had:

- an amount of €354k (31 December 2015: €Nil) receivable from Lux 1
- an amount of €112k (31 December 2015: €Nil) receivable from Wings Mgt Equity Co Limited
- an amount of €125k (31 December 2015: €Nil) payable to Hellman & Friedman Capital Partners VI (Cayman), L.P.
- an amount of €19k (31 December 2015: €Nil) payable to Lux 1

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

17. EVENTS AFTER THE REPORTING DATE

Dividend

In accordance with the Group's dividend policy, in respect of the current period, the directors propose that an interim dividend of 4.8 cents per share amounting to €4.6m (30 June 2015: €Nil) be paid to shareholders on 27 September 2016. This dividend has not been included as a liability in these condensed consolidated interim financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 2 September 2016.

In May 2016, the Group paid a maiden dividend of €2.6m or 2.75 cent per share in respect of the period from Admission on 02 November 2015 to 31 December 2015.