



HOSTELWORLD
GROUP

Hostelworld Group plc

Report and Consolidated Financial Statements
for the six months ended
30 June 2017

REGISTERED NUMBER 9818705

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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

Chief Executive Officer

Date: 21st August 2017

Mari Hurley

Chief Financial Officer

Date: 21st August 2017

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

The Group continues to make good progress in implementing our key strategic objectives. In our most recent annual report, we reported the Group's key objectives for 2017 which were:

- (1) to invest in our **Core Products** competitiveness 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 **Differentiate** our offering delivering features unique to the hostel product and enabling our customers to have a great experience throughout the research, booking and travel period;
- (3) to establish a vibrant **Community** that encourages engagement with our platform, with other travellers and with hostels;
- (4) to drive **Revenue per Customer** by increasing loyalty and providing an enhanced and more personalised service to travellers.

Financial Review

Key Performance Indicators

	H1 '17	H1 '16	% change Reported	% Change Constant Currency	Financial Year 2016
Bookings – Hostelworld brand (m)	3.6	3.0	21%		6.2
Bookings – supporting brands and channels (m)	0.3	0.5	(43%)		0.9
Total Booking Volume (m)	3.9	3.5	11%		7.1
Average Booking Value ("ABV") (gross) (€)	12.2	11.8	3%	4%	11.6
Net Revenue (€m)	46.6	40.2	16%	17%	80.5
Adjusted EBITDA	12.9	10.1	27%	30%	23.9

Group bookings increased by 11% in the six months ended 30 June 2017 (2016: 4% decline) driven by strong booking performance in our core Hostelworld brand in the period which grew 21% (2016: 16%). The year on year comparative was partially due to a weaker six months ended 30 June 2016 as a result of softer demand due to terrorist attacks and other geopolitical events in European cities during that period.

The Group's flagship brand, Hostelworld now represents 92% of Group bookings as compared to 85% in the six months ended 30 June 2016. Reflecting our deliberate focus on the flagship brand, bookings of the Group's supporting brands were 43% lower for the six month period from January to June (2016: -51%). The associated Total Transaction Values ("TTV") in the six months ended 30 June 2017 were €316m (2016: €284m).

While the Group operates in one segment and is managed as such, business performance is reviewed on a bookings volume and average booking value basis for both the Hostelworld brand as well as all supporting brands (including Hostelbookers, Hostels.com, booking engines and affiliates).

Group net revenue increased by 16% for the six month period from January to June 2017, which corresponds to a 17% increase on a constant currency basis.

Average booking value has been 3.5% higher in the current period, reflecting an increase in the underlying base price per bed and the continuing positive contribution from our pricing programmes, including Elevate. The gains were partially offset by the continued decline in the number of bed nights per booking as bookings made from mobile devices continue to grow, representing 50% of total bookings in the six months ended 30 June 2017 (2016: 43%), Mobile customers however, transact more frequently than other customers. Other offsetting factors included the evolving geographic mix and the greater percentage of bookings into hostel dorm beds. Exchange rate movements did not have an adverse impact on average booking value in the six months ended 30 June 2017, unlike in the same period in 2016.

The Group continues to maintain an efficient marketing mix with marketing investment as a percentage of net revenue of 41% in the six months ended 30 June 2017 as compared to 43% in the same period in 2016. Bookings in not-paid-for channels increased to 62% of total bookings (2016: 61%).

Adjusted EBITDA

The Group uses Earnings before Interest, Tax, Depreciation and Amortisation, excluding exceptional items (Adjusted EBITDA) as a key performance indicator when measuring and evaluating the performance of the business from one period to the next, and against budget. Exceptional items are non-recurring and by their nature and size can make interpretation of the underlying performance in the business more difficult. We believe this non-GAAP measure more accurately reflects the key drivers of profitability for the Group and removes those items which do not impact underlying trading performance, thereby making comparisons more meaningful and useful for stakeholders of the business.

Group Adjusted EBITDA of €12.9m has increased by €2.8m (27%) relative to the six months ended 30 June 2016 and by 30% on a constant currency basis. Adjusted EBITDA as a percentage of net revenue increased from 25% to 28%. Marketing spend per booking is broadly stable at €4.97 (2016: €4.93).

Administrative expenses increased by €3.8m to €34.2m in the six months ended 30 June 2017. €2.2m of this increase was attributable to the increase in marketing expenses from €17.2m to €19.4m in the six months ended 30 June 2017, which contributed to revenue growth of 16%.

Gross staff costs (excluding share based payment expense) increased from €8.6m to €9.4m. Average headcount decreased from 249 in the six months ended 30 June 2016 to 240 in the six months ended 30 June 2017. Excluding the impact of the level of development labour capitalised in accordance with IFRS standards (2017: €0.4m; 2016: €1.2m), share based payment expense and the impact of a bonus accrual in H1 2017, staff costs decreased by 2% on a constant currency basis.

Other administrative expenses incurred between January and June 2017 are broadly stable to prior year.

Reconciliation between Operating Profit and Adjusted EBITDA:

(€m)	H1 17	H1 16	Financial Year 2016
Operating profit/(loss)	5.2	(5.5)	0.2
Depreciation	0.5	0.5	0.9
Amortisation of development costs	1.6	1.6	3.2
Amortisation of acquired intangible assets	5.2	4.9	10.6
Impairment charges	-	8.2	8.2
Exceptional items	-	0.3	0.4
Share option charge	0.4	0.1	0.4
Adjusted EBITDA	12.9	10.1	23.9

Exceptional items for the six months to 30 June 2017 were €nil (2016: €0.3m). The share option charge for the period reflects the share based payment charge arising on the issuance of options in April 2016 and March 2017 in accordance with the Group's Long Term Incentive Plan (LTIP). The total options in issue at 30 June 2017 are 1,756,747 nil cost options. The impairment charge in 2016 of €8.2m was a result of a review of trading performance of the Hostelbookers brand. At 30 June 2017, there are no indications that the Hostelbookers intellectual property assets are carried at an amount higher than their recoverable amount.

Adjusted Profit after Taxation

€m	H1 17	H1 16	Financial Year 2016
Adjusted EBITDA	12.9	10.1	23.9
Depreciation	(0.5)	(0.5)	(0.9)
Amortisation of development costs	(1.6)	(1.6)	(3.2)
Corporation tax	(0.5)	(0.3)	(0.5)
Adjusted Profit after Taxation	10.3	7.7	19.4
Exceptional costs	(0.0)	(0.3)	(0.4)
Amortisation of acquired intangibles	(5.2)	(4.9)	(10.6)
Net financial costs	-	-	(0.1)
Share option charge	(0.4)	(0.1)	(0.4)
Impairment charges	-	(8.2)	(8.2)
Deferred taxation	(0.3)	1.1	1.1
Profit/(loss) for the period	4.4	(4.7)	0.8

Adjusted Profit after Taxation is a non-GAAP metric that the Group uses to calculate the dividend payout for the year, subject to Company Law requirements regarding distributable profits. 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.

Adjusted Profit after Taxation increased from €7.7m to €10.3m due to the strong trading performance in the period, and the weaker comparative in the six months ended 30 June 2016.

The Group's corporation tax charge of €0.5m is an effective tax rate (corporation tax as a percentage of Adjusted EBITDA) of 4.0%. The corresponding charge in the six months ended 30 June 2016 was 3.4%.

The Groups' deferred tax charge for the six months ended 30 June 2017 of €0.3m (30 June 2016: credit of €1.1m) relates to the amortisation of deferred tax assets reduced by the amortisation of deferred tax liabilities. The credit of €1.1m in the six month period ended 30 June 2016 mainly relates to the reduction in carrying value of the deferred tax liability arising from the impairment of the Hostelbookers intellectual property assets.

Based on the weighted average shares in issue during the six months ended 30 June 2017, Earnings per Share ("EPS") as set out in note 6 to the condensed financial statements is 4.60 cents per share (30 June 2016: loss of 4.93 cents per share). Using Adjusted Profit after Taxation as the measure of earnings would result in an adjusted EPS of 11 cents per share (30 June 2016: 8 cents per share).

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 increased by 17% (€6.9m) and Adjusted EBITDA has increased by 30% (€3.0m) for the six months ended 30 June 2017. Constant currency is calculated by applying the average exchange rates for the six months period ended 30 June 2017 to the financial results for the six months period ended 30 June 2016 on a month by month basis. The Group's principal policy is to match cash flows 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 declare an interim dividend of €4.9m or 5.1 cent per share (2016: 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 financial statements. The interim dividend is payable on 22 September 2017 to all shareholders on the Register of Members on 1 September 2017.

In June 2017, the Group paid a final dividend of €9.9m or €0.104 per share in respect of the financial year ending 31 December 2016. Additionally the Group paid a discretionary, non-recurring supplementary dividend of €10.0m or €0.105 per share. After payment of the recommended interim dividend for 2017, the Group will have returned €32.1m to shareholders in dividends in the two years since the initial listing in November 2015.

Adjusted Free Cashflow conversion

€m	H1 17	H1 16	2016
Adjusted EBITDA	12.9	10.1	23.9
Capitalised development spend	(0.4)	(1.2)	(2.4)
Capital expenditure	(0.8)	(0.6)	(0.7)
Interest and tax paid	(0.3)	(0.1)	(0.3)
Net movement in working capital ⁽¹⁾	1.6	2.6	1.0
Adjusted Free Cashflow	13.0	10.8	21.5
<i>Adjusted FCF conversion</i>	<i>101%</i>	<i>107%</i>	<i>90%</i>

(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 movement in working capital in the first six months of 2017 was at a lower level than in the same period in 2016, which resulted in a lower adjusted free cash flow conversion of 101% (30 June 2016: 107%). The lower level of capitalised development expenditure increased the free cash flow conversion percentage above that achieved in full year 2016.

Total Cash at 30 June 2017 was €17.7m (30 June 2016: €18.7m), of which €nil is restricted (30 June 2016: €2.2m 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 2017 (30 June 2016: €nil).

Related party transactions

Related party transactions are disclosed in note 15 to the condensed 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 2016. While the nature of the principal risks and uncertainties faced by the Group remain unchanged on the whole, external geopolitical factors have changed the Group's risk profile in certain areas. Amongst the most significant of these factors are, the increased incidence of terrorism and the proposed exit of the United Kingdom from membership of the European Union (known as "Brexit"). In the six months ended 30 June 2017, the UK as a destination represented 7% of total group bookings and 14% of group bookings were from UK nationals.

The Group will continue to manage the risks to the business posed by the impact of terrorist attacks on travel demand and by macro-economic uncertainties and currency fluctuations, particularly in USD and GBP, surrounding geopolitical events.

A detailed explanation of the risks and how the Group seeks to mitigate the risks, can be found on pages 32 to 37 of the annual report which is available at www.hostelworldgroup.com.

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.

Board Update

Richard Segal has informed the Board of his intention to resign as Non-Executive Chairman, a position he has held for 6 years. Richard has led the Group through a period of strong change and growth, as both a private and listed business, and the Board expresses its deep gratitude for his guidance and contribution during that time. Richard will be succeeded by Michael Cawley, currently Senior Independent Non-Executive Director, during 2017 at a date yet to be confirmed.

We have also announced today the appointment, effective 1 October 2017, of Carl Shepherd as a Non-Executive Director. Carl, a co-founder of Homeaway Inc., brings an immense wealth of listed company experience in the on-line travel industry, including in North America and Asia, and his skills and knowledge will be of great benefit as we continue to take the Group forward in our international markets.

The search is underway for a further Non-Executive Director to complement the skills and experience of the Board.

Future outlook

The Group has returned to growth, reflecting the strength of the core Hostelworld brand, which now represents 92% of total Group bookings and the success of our continuing product, marketing and operational initiatives. The strong trading seen in the second half of 2016 continued throughout the early months of 2017, with growth in bookings across all geographies.

The level of growth in H1 2017 was somewhat flattered by a weak comparative in H1 2016, growth rates in the June to August period have been more modest. Our expectations for the full year outcome are nonetheless unchanged, and we have declared a 6% increase in the interim dividend.

Future outlook (continued)

We remain confident in our long term strategy and execution and will continue to manage the risks to our business posed by the impact of terrorist attacks on travel demand alongside the general macro-economic uncertainties and currency fluctuations.

By order of the board

Feargal Mooney

Chief Executive Officer

Date: 21st August 2017

Mari Hurley

Chief Financial Officer

Date: 21st August 2017

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

		Six months ended 30 June 2017 €'000 (Unaudited)	Six months ended 30 June 2016 €'000 (Unaudited)	Year ended 31 December 2016 €'000 (Audited)
	Notes			
Revenue	3	46,649	40,168	80,514
Administrative expenses	4	(34,183)	(30,437)	(57,397)
Depreciation and amortisation expenses	4	(7,250)	(7,000)	(14,731)
Impairment losses	4	-	(8,199)	(8,199)
Operating profit/(loss)		5,216	(5,468)	187
Financial income		4	2	5
Financial costs		(43)	(36)	(59)
Profit/(loss) before taxation		5,177	(5,502)	133
Taxation (charge)/credit	5	(784)	795	651
Profit/(loss) for the period attributable to the equity owners of the parent company		4,393	(4,707)	784
Earnings per share:				
Basic earnings/(loss) per share (cents)	6	4.60	(4.93)	0.82
Diluted earnings/(loss) per share (cents)	6	4.58	(4.93)	0.82

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	Six months ended 30 June 2017 €'000 (Unaudited)	Six months ended 30 June 2016 €'000 (Unaudited)	Year ended 31 December 2016 €'000 (Audited)
Profit/(loss) for the period	4,393	(4,707)	784
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	<u>3</u>	<u>(562)</u>	<u>(680)</u>
Total comprehensive income/(expense) for the period attributable to equity owners of the parent company	<u>4,396</u>	<u>(5,269)</u>	<u>104</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

		30 June 2017 €'000 (Unaudited)	30 June 2016 €'000 (Unaudited)	31 December 2016 €'000 (Audited)
	Notes			
Non-current assets				
Intangible assets	7	133,257	145,463	139,619
Property, plant and equipment	8	3,344	3,552	3,058
Deferred tax assets		217	919	659
		136,818	149,934	143,336
Current assets				
Trade and other receivables	9	3,970	3,215	2,627
Cash and cash equivalents	10	17,662	18,652	24,632
		21,632	21,867	27,259
Total assets		158,450	171,801	170,595
Issued capital and reserves attributable to equity owners of the parent				
Share capital	11	956	956	956
Other reserves		3,628	3,628	3,628
Foreign currency translation reserve		18	133	15
Share based payment reserve		735	117	351
Retained earnings		139,405	154,083	154,986
Total equity attributable to equity holders of the parent company		144,742	158,917	159,936
Non-current liabilities				
Deferred tax liabilities		592	1,003	764
		592	1,003	764
Current liabilities				
Trade and other payables	12	12,651	11,547	9,669
Corporation tax		465	334	226
		13,116	11,881	9,895
Total liabilities		13,708	12,884	10,659
Total equity and liabilities		158,450	171,801	170,595

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	Share capital €'000	Retained earnings €'000	Other reserves €'000	Foreign currency translation reserve €'000	Share Based Payment Reserve €'000	Total €'000
As at 1 January 2016	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) for the period	-	(4,707)	-	(562)	-	(5,269)
As at 30 June 2016 (unaudited)	956	154,083	3,628	133	117	158,917
Dividends	-	(4,588)	-	-	-	(4,588)
Credit to equity for equity settled share based payments	-	-	-	-	234	234
Total comprehensive income/ (expense) for the period	-	5,491	-	(118)	-	5,373
As at 31 December 2016 (audited)	956	154,986	3,628	15	351	159,936
Dividends	-	(19,974)	-	-	-	(19,974)
Credit to equity for equity settled share based payments	-	-	-	-	384	384
Total comprehensive income for the period	-	4,393	-	3	-	4,396
As at 30 June 2017 (unaudited)	956	139,405	3,628	18	735	144,742

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	€'000 (Unaudited)	€'000 (Unaudited)	€'000 (Audited)
Cash flows from operating activities			
Profit/(loss) before tax	5,177	(5,502)	133
Depreciation of property, plant and equipment	483	480	886
Amortisation of intangible assets	6,767	6,520	13,845
Impairment of intangible assets	-	8,199	8,199
Loss on disposal of property, plant and equipment	-	-	19
Financial income	(4)	(2)	(5)
Financial expense	43	36	59
Employee equity settled share based payment expense	398	121	362
<i>Changes in working capital items:</i>			
Increase/(decrease) in trade and other payables	2,969	292	(1,553)
(Increase) in trade and other receivables	(1,343)	(472)	(24)
<i>Cash generated from operations</i>	14,490	9,672	21,921
Interest paid	(43)	(36)	(59)
Interest received	4	2	5
Income tax (paid)	(275)	(49)	(280)
Net cash from operating activities	14,176	9,589	21,587
Cash flows from investing activities			
Acquisition/capitalisation of intangible assets	(405)	(1,210)	(2,500)
Purchases of property, plant and equipment	(770)	(600)	(746)
Net cash used in investing activities	(1,175)	(1,810)	(3,246)
Cash flows from financing activities			
Dividends	(19,974)	(2,628)	(7,216)
Net cash used in financing activities	(19,974)	(2,628)	(7,216)
Net (decrease)/increase in cash and cash equivalents	(6,973)	5,151	11,125
Cash and cash equivalents at the beginning of the period	24,632	13,620	13,620
Effect of exchange rate changes on cash and cash equivalents	3	(119)	(113)
Cash and cash equivalents at the end of the period	17,662	18,652	24,632
Restricted cash balances	-	(2,225)	-
Unrestricted cash balances at the end of the period	17,662	16,427	24,632

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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 2017 comprise the Company and its subsidiaries (together referred to as "the Group"). The condensed consolidated interim financial statements for the period ended 30 June 2017 are unaudited.

The information for the year ended 31 December 2016 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 21 August 2017.

2. ACCOUNTING POLICIES

Basis of preparation

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. 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.

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

The accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

There are no new or amended IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2017 that had a material impact on the Group.

The Group is currently assessing the impact of other standards and interpretations that are effective for the first time for the financial year beginning on 1 January 2018. It is not expected that IFRS 9 - Financial Instruments will have a material impact on the measurement of financial instruments. Based on the Group's existing business model, the Directors do not anticipate that the implementation of IFRS 15 - Revenue from Contracts with Customers will have a material impact on how revenue is recognised.

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 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017
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 bookings 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 2017 €'000 (Unaudited)	Six months ended 30 June 2016 €'000 (Unaudited)	Year ended 31 December 2016 €'000 (Audited)
Europe	28,606	25,409	49,497
Americas	8,503	7,218	14,938
Asia, Africa and Oceania	9,540	7,541	16,079
Total revenue	46,649	40,168	80,514

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017
4. OPERATING EXPENSES

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

	Six months ended 30 June 2017 €'000 (Unaudited)	Six months ended 30 June 2016 €'000 (Unaudited)	Year ended 31 December 2016 €'000 (Audited)
Marketing expenses	19,353	17,211	32,842
Credit card processing fees	1,105	1,055	1,931
Staff costs	9,484	7,502	14,359
Loss on disposal of property, plant and equipment	-	-	19
FX(gain)/loss	(74)	(262)	(214)
Exceptional Items	-	271	449
Other administrative costs	4,315	4,660	8,011
Total administrative expenses	34,183	30,437	57,397
Depreciation of tangible fixed assets	483	480	886
Amortisation of intangible fixed assets	6,767	6,520	13,845
Impairment of intangible assets	-	8,199	8,199
Total operating expenses	41,433	45,636	80,327

5. TAXATION

The corporation tax charge for the six month period is €514k (30 June 2016: €347k), 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 charge for the six month period of €270k (30 June 2016: credit of €1,142k) relates to the amortisation of deferred tax assets offset by the reduction in deferred tax liabilities.

The credit of €1,142k in the six month period 30 June 2016 relates to the reduction in carrying value of the deferred tax liability arising from the impairment charge (Note 7), offset by the amortisation of deferred tax assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)	Year ended 31 December 2016 (Audited)
Earnings:			
Earnings for the purposes of basic earnings per share (€'000s)	<u>4,393</u>	<u>(4,707)</u>	<u>784</u>
Earnings for the purposes of diluted earnings per share (€'000s)	<u>4,393</u>	<u>(4,707)</u>	<u>784</u>

	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)	Year ended 31 December 2016 (Audited)
Number of Shares:			
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000s)	<u>95,571</u>	<u>95,571</u>	<u>95,571</u>
Effect of dilutive potential ordinary shares:			
Share options ('000s)	<u>400</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share ('000s)	<u>95,971</u>	<u>95,571</u>	<u>95,571</u>

Earnings per Share:

Basic earnings/(loss) per share (cents)	<u>4.60</u>	<u>(4.93)</u>	<u>0.82</u>
Diluted earnings/(loss) per share (cents)	<u>4.58</u>	<u>(4.93)</u>	<u>0.82</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017
7. 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
<u>Cost</u>						
Balance at 1 January 2016	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	<u>47,274</u>	<u>214,640</u>	<u>13,325</u>	<u>5,500</u>	<u>6,945</u>	<u>287,684</u>
Additions	-	-	118	-	1,174	1,292
Transfer from tangible assets	-	-	383	-	-	383
Effect of foreign currency exchange difference	-	-	(12)	-	1	(11)
Balance at 31 December 2016	<u>47,274</u>	<u>214,640</u>	<u>13,814</u>	<u>5,500</u>	<u>8,120</u>	<u>289,348</u>
Additions	-	-	42	-	363	405
Effect of foreign currency exchange difference	-	-	-	-	-	-
Balance at 30 June 2017	<u>47,274</u>	<u>214,640</u>	<u>13,856</u>	<u>5,500</u>	<u>8,483</u>	<u>289,753</u>
<u>Accumulated amortisation and impairment</u>						
Balance at 1 January 2016	(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	<u>(29,426)</u>	<u>(90,832)</u>	<u>(13,053)</u>	<u>(5,500)</u>	<u>(3,410)</u>	<u>(142,221)</u>
Charge for the period	-	(5,472)	(209)	-	(1,644)	(7,325)
Transfer from tangible assets	-	-	(187)	-	-	(187)
Effect of foreign currency exchange difference	-	-	4	-	-	4
Balance at 31 December 2016	<u>(29,426)</u>	<u>(96,304)</u>	<u>(13,445)</u>	<u>(5,500)</u>	<u>(5,054)</u>	<u>(149,729)</u>
Charge for the period	-	(5,074)	(165)	-	(1,528)	(6,767)
Effect of foreign currency exchange difference	-	-	-	-	-	-
Balance at 30 June 2017	<u>(29,426)</u>	<u>(101,378)</u>	<u>(13,610)</u>	<u>(5,500)</u>	<u>(6,582)</u>	<u>(156,496)</u>
<u>Net book value</u>						
At 30 June 2016	<u>17,848</u>	<u>123,808</u>	<u>272</u>	<u>-</u>	<u>3,535</u>	<u>145,463</u>
At 31 December 2016	<u>17,848</u>	<u>118,336</u>	<u>369</u>	<u>-</u>	<u>3,066</u>	<u>139,619</u>
At 30 June 2017	<u>17,848</u>	<u>113,262</u>	<u>246</u>	<u>-</u>	<u>1,901</u>	<u>133,257</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017
7. INTANGIBLE ASSETS (CONTINUED)

In 2016, following a review of trading performance 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 from the reporting date of 30 June 2016.

At 30 June 2017, there are no indications that the Hostelbookers intellectual property assets are carried at an amount higher than their recoverable amount.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group invested €770k on additional property, plant and equipment (30 June 2016: €600k)

9. TRADE AND OTHER RECEIVABLES

	30 June 2017 €'000 (Unaudited)	30 June 2016 €'000 (Unaudited)	31 December 2016 €'000 (Audited)
Amounts falling due within one year			
Trade receivables	1,216	991	892
Prepayments and accrued income	999	790	731
Value Added Tax	1,755	1,434	1,004
	3,970	3,215	2,627

10. CASH AND CASH EQUIVALENTS

	30 June 2017 €'000 (Unaudited)	30 June 2016 €'000 (Unaudited)	31 December 2016 €'000 (Audited)
Cash and cash equivalents	17,662	18,652	24,632
Restricted cash balances	-	(2,225)	-
Unrestricted cash balances	17,662	16,427	24,632

The Group entered into a guarantee with AIB Bank plc during 2015 related to the lease of office space in Dublin. The guarantee initially required that €2,225k remain on deposit with the bank. The requirement was removed by AIB Bank plc during 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

11. SHARE CAPITAL

Share capital as at 30 June 2017 amounted to €955,708 (30 June 2016: €955,708). There were no additional shares issued during the six month period ending 30 June 2017.

12. TRADE AND OTHER PAYABLES

	30 June 2017 €'000 (Unaudited)	30 June 2016 €'000 (Unaudited)	31 December 2016 €'000 (Audited)
Amounts falling due within one year			
Trade payables	4,183	3,674	3,344
Accruals and other payables	7,935	7,115	5,797
Payroll taxes	529	674	524
Value Added Tax	4	84	4
	<u>12,651</u>	<u>11,547</u>	<u>9,669</u>

13. DIVIDENDS

Amounts recognised as distributions to equity holders in the financial year:

	Six months ended 30 June 2017 €'000	Six months ended 30 June 2016 €'000	Year ended 31 December 2016 €'000
Final 2015 dividend of €0.0275 per share (paid 31 May 2016)	-	2,628	2,628
Interim 2016 dividend of €0.048 per share (paid 27 September 2016)	-	-	4,588
Final dividend for the year ended 31 December 2016 of €0.104 per share (paid 6 June 2017)	9,939	-	-
Supplementary dividend of €0.105 per share (paid 6 June 2017)	10,035	-	-
	<u>19,974</u>	<u>2,628</u>	<u>7,216</u>
Interim dividend for the year ended 31 December 2017 of €0.051 per share (2016: €0.048 per share)	<u>4,874</u>	<u>4,588</u>	<u>-</u>

The directors declare an interim dividend of 5.1 cents per share amounting to €4.9m (30 June 2016: €4.6m) be paid to shareholders on 22 September 2017. This dividend has not been included as a liability in these condensed consolidated interim financial statements. The interim dividend is payable to all shareholders on the Register of Members on 1 September 2017.

14. SHARE BASED PAYMENTS

On 29 March 2017, 847,663 nil cost share options were granted to employees as part of a long term incentive plan. These share options will vest on 28 March 2020, subject to meeting performance conditions.

On 5 April 2016, 928,464 nil cost share options were granted to employees as part of a long term incentive plan. During the six months to 30 June 2017, 19,380 of these share options have been forfeited leaving 909,084 still in issue at 30 June 2017. These share options will vest on 4 April 2019, subject to meeting performance conditions.

15. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2017, the Group had no transactions with any related parties, and as at the reporting date, the Group had no amounts owing to any related party.

During the six months ended 30 June 2016, 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.

16. EVENTS AFTER THE REPORTING DATE

On 5 July 2017 181,208 options were granted to a number of eligible employees in the Group as part of a Save as You Earn scheme. These options will vest in August 2020 subject to a number of conditions.

An interim dividend of 5.1 cents per share amounting to €4.9m (30 June 2016: €4.6m) is referred to in note 13 above.

There were no other material subsequent events since the reporting date.