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easyHotel PLC
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easyHotel plc

Interim results for the six months ended 31 March 2015 and Board changes
Continued investment for profitable growth

easyHotel plc ("easyHotel") (AIM:EZH), the owner, developer, operator and franchisor of "super budget" branded hotels, today announces its results for the six months ended 31 March 2015.

Financial Highlights

- Revenue up 104% to £2.59m (31 March 2014: £1.27m)
- Profit before tax (excluding corporate office expenses) up 122% to £1.35m (31 March 2014: £0.61m)
- Adjusted EBITDA (before one-off items) up 6% to £0.52m (31 March 2014: £0.49m)
- Profit before tax up 7% to £0.37m (31 March 2014: £0.34m)
- Basic earnings per share of 0.4p

Business Highlights

- Robust trading in all owned hotels
- Total operating hotel rooms increased by 12% since 30 September 2014 with easyHotel Croydon (103 rooms) successfully opened in November 2014 and running according to plan
- Acquisition of a freehold building in Liverpool following the period end should (subject to successful planning consent) increase owned rooms by 17%, with the hotel expected to open in Spring 2016
- Several opportunities currently being assessed to expand our owned hotel portfolio in the UK and continental Europe
- Franchised hotel in Frankfurt opened in January 2015 and the pipeline includes easyHotel Prague, due to open on 5 June 2015
- The Group has a number of ongoing discussions regarding new franchise contracts
- New multilingual and responsive website launched and improved marketing initiatives implemented (with specific focus on digital marketing strategy) as well as improvements in customer service processes

Commenting on the results, Simon Champion, Chief Executive Officer said:

"easyHotel has continued to perform well, with a doubling of revenue year on year driven primarily by an increase in the capacity of our owned hotel portfolio. Profit growth has been dampened this year because of the additional costs incurred by being a public company, as well as the Group investing to meet significant development targets. Our expansion strategy is progressing well, with a new site acquired in Liverpool expected to open in Spring 2016. In addition, there has been an ongoing commitment to marketing and enhancing our customer experience, with a new website launched in March 2015 and a focus on improved customer service.

"Trading for the year ending 30 September 2015 continues in line with the Board's expectations and we remain confident that we can secure properties in the UK and key European gateway cities and continue to expand our franchised hotels elsewhere, delivering a high return on investment for our shareholders."

Board Changes

Having steered easyHotel through its successful IPO, Jan G. Astrand, Executive Chairman, has decided to spend more time on his other business activities in the UK and abroad. Consequently he has decided to step down from his role and will leave his responsibilities at the Company on 1 July 2015. The Board expresses its thanks to Jan for his contribution to the development of easyHotel.

The Board is pleased to announce that Jonathan Lane, currently Non-executive Director, has been appointed Non-executive Chairman with effect from 2 July 2015. Jonathan, who is current non-executive Chairman of Shaftesbury PLC, has a wealth of experience at the board level of UK public companies and is ideally positioned to guide the Board as Chairman on its growth strategy.

Following the above changes to the Board of Directors, Scott Christie, Non-executive Director, will become chairman of the remuneration committee, in addition to his role as chairman of the audit committee.

Enquiries:

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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. easyHotel currently has three owned hotels comprising 390 rooms, and a further 17 franchised hotels with approximately 1,400 rooms.

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

Franchise locations: Bulgaria (Sofia), Czech Republic (Prague) due to open on 5 June 2015, Germany (Berlin, Frankfurt), Hungary (Budapest), The Netherlands (Amsterdam, Rotterdam, The Hague), Switzerland (Basel, Zurich), UAE (Dubai), UK (Edinburgh, London)

Overview

easyHotel continues to perform well and deliver its strategy. Revenue in the first half was double that of the same period last year, driven primarily by an additional 173 rooms in our owned hotel portfolio. We have moved forward with our owned hotel expansion plans, with easyHotel Croydon opening in November 2014 and a new hotel development site acquired in Liverpool (expected to open in Spring 2016).

Since admission to AIM there has been an ongoing focus on enhancing the Group's marketing capabilities and improving our customer experience and service. A solid platform is now in place for scaling up the business in line with the Group's stated growth strategy.

Financial Performance

Total revenue increased by 104% to £2.59m (31 March 2014: £1.27m), driven by the expansion of our owned hotel portfolio.

Owned hotel revenue increased by 155% to £1.71m (31 March 2014: £0.67m), reflecting the opening of easyHotel Croydon in November 2014, which added a further 103 rooms, and the addition of 70 rooms at easyHotel Old Street in April 2014. Occupancy for owned hotels was 69%, ADR was £35 and RevPAR was £24. This is a positive performance considering the recent Croydon opening, increase in Old Street capacity and the fact that the first half of the year is historically an off-peak season for the business. Owned hotel profit before tax is up 224% to £0.75m (31 March 2014: £0.23m) driven by the revenue increase and continued focus on operating costs control.

A one-off fee of £0.27m was recognised during the period in relation to the termination of the franchisee agreement with a South African franchisee (60 rooms). Franchised hotel revenue (excluding the one-off fee release relating to the South African franchisee) is up 5% to £0.61m (31 March 2014: £0.58m). Franchised hotel profit before tax rose to £0.59m (31 March 2014: £0.37m).

Corporate office costs increased by £0.72m to £0.97m in first half 2015, primarily as a result of higher staff costs and professional fees. The increased costs are largely a consequence of becoming a listed company as well as building a foundation for the future growth of the business.

There was an unrealised foreign exchange loss of £0.21m (included in finance expenses) on amounts due from a franchisee in the Benelux region, as highlighted in the balance sheet analysis below.

Overall Group profit before tax was up 7% to £0.37m (31 March 2014: £0.34m) and adjusted EBITDA (before exceptional and one-off items) up 6% to £0.52m (31 March 2014: £0.49m). Basic earnings per share was 0.4p - this is not deemed comparable with the prior year given the significant change in number of shares post IPO.

Review of operations

During the first half, the Group invested in marketing and customer service initiatives to drive revenue and improve our customer experience.

In March 2015, the Group launched a new multi-platform website at www.easyhotel.com in seven languages. The new website has been designed with mobile devices in mind, which are used for 40% of our customer visits (up from 6% in 2011). The website design enhances our customer booking experience and is expected to drive an increase in owned hotel revenues and direct bookings for franchisees. All owned hotel bookings are made via our own website, and higher direct bookings also makes our franchising model more attractive by lowering distribution costs.

The appointment of a marketing manager has helped accelerate the improvement in organic and paid digital search campaigns, improve search engine optimisation, and enhance overall marketing strategies which will benefit both owned and franchised hotels. The Group is looking at a number of partnerships to further broaden consumer recognition of the easyHotel brand.

In addition, the Group has recently launched a new online customer helpdesk service, which enables easyHotel to better manage customer queries and complaints for both owned and franchised hotels. The Group is also implementing strategies to improve customer feedback, including a service that invites all customers to provide feedback on their stay. These initiatives will help deliver ongoing improvements to our operations and customer service, as well as ensuring franchisees maintain the prescribed level of service.

Owned hotels

Revenues in owned hotels have risen significantly in the period. Some of this is due to new openings, and quite encouragingly also due to Old Street, which showed RevPAR growth despite a 76% increase in capacity. This rise at Old Street is a reflection of the benefit of refurbishment in Summer 2014 and increased operational focus, and also highlights a latent demand for budget hotel rooms in the Old Street area.

The Group remains in discussions with Islington Council regarding obtaining retrospective planning permission for parts of the Old Street property. It is anticipated that this process will be ongoing for some time.

A high-speed Wi-Fi network was installed in easyHotel Old Street. This is proving to be a profitable revenue stream whilst adding to the overall customer experience. A wider rollout of the Wi-Fi service is now underway, with easyHotel Croydon also now live and installation at easyHotel Glasgow expected in the second half.

Expansion

easyHotel's principal growth strategy is the roll-out of further owned hotels in the UK and major European gateway cities. In line with this strategy, we were pleased to announce the recent acquisition of a freehold property which, when converted to an easyHotel, will increase the number of owned hotel rooms by 17% to c.458 rooms.

Our focus is on the conversion of commercial properties into hotels, and the search for suitable properties is progressing with several prospects currently being considered. Our focus remains on achieving a hurdle mature rate of return of at least 15% on new property acquisitions (EBITDA divided by capital invested).

Franchised hotel growth will continue to be a focus for the Group and a number of franchisee opportunities are currently being assessed.

Owned development pipeline

We have accelerated our research efforts and extended our real estate broker network to ensure we make progress with our strategy of acquiring hotel development sites. This has resulted in our recent purchase outlined below, as well as highlighting several potential acquisition targets which are currently under consideration.

On 16 April 2015, the Group announced the acquisition of a freehold office building and restaurant at 47 Castle Street in Liverpool. Subject to planning consent, it is the Group's intention to convert the four upper floors of the building into a 68-bedroom easyHotel and the ground floor of the building will remain a restaurant operated by a third party. In total, the purchase of the building and conversion project is expected to cost around £3m. The property is centrally located for both leisure and business customers being within walking distance of shops, tourist attractions such as the Cavern Club, transport links, and the Albert Docks. easyHotel Liverpool is expected to open in Spring 2016.

Franchise development

Our franchise partners continue to add to their existing assets and there are a number of new hotels in the pipeline. In January 2015, easyHotel Frankfurt, a 132-bedroom hotel located in the heart of Frankfurt, was successfully opened and is the second franchised easyHotel in Germany. easyHotel Prague, a 88-bedroom hotel, is expected to open on 5 June 2015.

The Group is benefiting from the appointment of a Global Franchising Director who is evaluating many franchise enquiries as well as proactively sourcing new opportunities. We continue to explore further development opportunities with existing franchise partners.

Cash flows/Balance Sheet

During the first half of the year, our operating activities generated £0.8m of cash, with a total net use of cash of £1.3m after net financial expenses, investments and share purchases.

At 31 March 2015, we had £23m of cash reserves giving us significant capacity to continue acquiring suitable properties that deliver our hurdle rate of return.

In October 2014 the Board announced that it had been in discussions about the potential acquisition of its Benelux franchisee, a transaction which the Board subsequently decided not to pursue. As part of the negotiations the Group entered into an agreement to lend the franchisee €850k and provide a €3.3m deposit to secure a potential new Belgian franchised hotel property development.

The Board confirms that the €850k loan was repaid after the period end as part of a material refinancing by a large private equity fund of the Benelux franchisee. The Board is also encouraged that its Benelux franchisee has now secured a strong backer to help it continue to grow. As part of the franchisee refinancing arrangements the Group has agreed to extend the repayment date of the €3.3m deposit on the potential new Belgian franchised hotel property. Interest will accrue on this deposit to easyHotel at a rate of 10% per annum payable from 2 April 2015 anda failure to repay it prior to receipt of the project's planning permission will result in the franchisee relinquishing its rights to the Benelux Master Franchise and easyHotel assuming ownership and control of this potentially attractive hotel development.

£962,218 has been spent this financial year by the Employee Benefit Trust on share purchases. At 31 March 2015 1,125,000 shares are held by the Employee Benefit Trust (112,500 shares held at 30 September 2014).

Dividends

As previously announced, the Board believes that, despite being in a growth stage and investing significant amounts of capital, easyHotel should pay dividends of 30%-50% of post-tax profits on a regular basis. In the absence of exceptional circumstances the Board expects to pay its maiden dividend, for the year ended 30 September 2015, in April 2016.

Outlook

Since 1 October 2014, activity and profit in our owned hotels have been robust. Our newly opened Croydon hotel, which has been profitable since its first full month of operation, has seen trading improve every month and management is satisfied with how trading is maturing.

Following a period of investment in marketing and customer service initiatives the Group's owned and franchised hotels will benefit from the launch of the new website and marketing strategies that are being implemented.

Current trading is in line with the Board's expectations, despite the impact of the weak Euro on the UK hotel activity. The Board remains confident that we can secure properties in the UK and key European gateway cities and expand our franchised hotels elsewhere, delivering a high return on investment for shareholders.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 March2015

	Unaudited	Audited	Audited
	6 months ended	6 months ended	year ended
	31/03/2015	31/03/2014	30/09/2014
	£	£	£

	Note			
System Sales		**9,021,333**	8,013,269	17,327,350
Revenue	2	**2,589,327**	1,270,203	3,543,948
Cost of sales		**(834,039)**	(310,713)	(1,158,444)
Gross profit		**1,755,288**	959,490	2,385,504
Administrative expenses	3	**(1,148,570)**	(580,804)	(1,702,747)
Operating profit		**606,718**	378,686	682,757
Analysed as:				
Adjusted EBITDA*	3	**518,715**	488,260	1,729,918
Accelerated Initial Fee Release	2	**269,500**	-	-
Restructuring and listing costs		**-**	-	(555,499)
Depreciation		**(179,166)**	(109,574)	(410,771)
Share based payments	3	**(2,331)**	-	(80,891)
		606,718	378,686	682,757
Finance income	4	**38,491**	-	16,640
Finance expense	4	**(279,857)**	(36,165)	(126,822)
Profit before taxation		**365,352**	342,521	572,575
Taxation		**(121,587)**	(75,354)	(164,656)
Profit for the period		**243,765**	267,167	407,919
Other comprehensive income		**-**	-	**-**
Total comprehensive income		**243,765**	267,167	407,919
Attributable to equity holders of the Company		**243,765**	267,167	407,919
Earnings per share				
Basic & diluted (pence)	8	**0.4**	1.1	1.2

*Adjusted EBITDA represents Earnings before Interest, Taxation and Depreciation adjusted for accelerated initial fee releases, restructuring and listing costs, and share based payment charges.

GROUP STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2015

6 months ended 31 March 2014

Audited

	Share capital £	Share premium £	Merger reserve £	EBT reserve £	Retained Earnings £	**Total £**
At 30 September 2013	250,000	-	2,750,001	-	413,968	**3,413,969**
Total comprehensive income for the period	-	-	-	-	267,167	**267,167**
Balance at 31 March 2014	**250,000**	**-**	**2,750,001**	**-**	**681,135**	**3,681,136**

12 months ended 30 September 2014

Audited

	Share capital £	Share Premium £	Merger reserve £	EBT reserve £	Retained Earnings £	**Total £**
At 30 September 2013	250,000	-	2,750,001	-	413,968	**3,413,969**
Shareholder capitalization of loans	59,487	4,699,493	-	-	-	**4,758,980**
Share issue less costs	315,513	23,892,543	-	-	-	**24,208,056**
Share based payment charge	-	-	-	-	80,891	**80,891**
EBT share purchases	-	-	-	(105,187)	-	**(105,187)**
Total comprehensive income for the year	-	-	-	-	407,919	**407,919**
Balance at 30 September 2014	**625,000**	**28,592,036**	**2,750,001**	**(105,187)**	**902,778**	**32,764,628**

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**
Share based payment charge	-	-	-	-	2,331	**2,331**
EBT share purchases	-	-	-	(962,218)	-	**(962,218)**
Total comprehensive income for the period	-	-	-	-	243,765	**243,765**
Balance at 31 March 2015	**625,000**	**28,592,036**	**2,750,001**	**(1,067,405)**	**1,148,874**	**32,048,506**

GROUP STATEMENT OF FINANCIAL POSITION

at 31 March 2015

	Note	**Unaudited 6 months ended 31/03/2015 £**	Audited 6 months ended 31/03/2014 £	Audited year ended 30/09/2014 £
Assets				
Non-current assets				
Intangibles		59,536	-	-
Property, plant and equipment		19,418,278	16,781,799	18,795,738
Total non-current assets		**19,477,814**	16,781,799	18,795,738
Current assets				
Trade and other receivables	**5**	781,432	368,611	922,823
Cash and cash equivalents	**6**	23,011,035	2,362,315	24,263,974
Total current assets		**23,792,467**	2,730,926	25,186,797
Total assets		**43,270,281**	19,512,725	43,982,535
Liabilities				
Non-current liabilities				
Trade and other payables	**7**	167,200	448,409	435,196
Bank borrowings		7,200,000	7,200,000	7,200,000
Deferred tax liability		94,257	81,089	113,755
Total non-current liabilities		**7,461,457**	7,729,498	7,748,951
Current liabilities				
Trade and other payables	**7**	3,592,931	8,017,053	3,417,282
Corporate taxation		167,387	85,038	51,674
Total current liabilities		**3,760,318**	8,102,091	3,468,956
Total liabilities		**11,221,775**	15,831,589	11,217,907
tessa ten latoT		**32,048,506**	3,681,136	32,764,628
Equity				
Equity attributable to owners of the Company				
Share capital		625,000	250,000	625,000
Share premium		28,592,036	2,750,001	28,592,036
Merger reserve		2,750,001	-	2,750,001
EBT reserve		(1,067,405)	-	(105,187)
Retained earnings		1,148,874	681,135	902,778
Total equity		**32,048,506**	3,681,136	32,764,628

GROUP STATEMENT OF CASH FLOWS

for the period ended 31 March 2015

	Unaudited 6 months ended 31/03/2015 £	Audited 6 months ended 31/03/2014 £	Audited year ended 30/09/2014 £
Cash flows from operating activities			
Profit before taxation for the period	365,352	342,521	572,575
Adjustments for:			
Depreciation of property, plant and equipment	179,166	109,574	410,771
Share based payment charge	2,331	-	80,891
Finance income	(38,491)	-	(16,640)
Finance expense	279,857	36,165	126,822
Operating cash flows before movements in working capital	**788,215**	488,260	1,174,419
(Increase)/decrease in trade and other receivables	141,391	(341,252)	(895,464)
Increase/(decrease) in trade and other payables	(92,348)	698,814	830,056

Cash generated from operations	**837,258**	845,822	1,109,011
Corporation tax paid	(25,372)	-	(90,000)
Net cash flows from operating activities	**811,886**	845,822	1,019,011
Finance income	38,491	-	16,640
Finance expense	(279,857)	(36,165)	(126,822)
Net cash generated from operations	**570,520**	809,657	908,829
Investing activities			
Purchase of property, plant and equipment	(861,241)	(5,121,040)	(7,436,176)
Net cash used in investing activities	**(861,241)**	(5,121,040)	(7,436,176)
Financing activities			
Proceeds from issue of ordinary share capital	-	-	25,241,020
Capitalised costs related to issue of ordinary share capital	-	-	(1,032,964)
Related party loan repayments	-	(1,378,053)	(1,363,299)
Outflow from own share purchase	(962,218)	-	(105,187)
Bank loan	-	7,200,000	7,200,000
Net cash generated from/(utilised by) financing activities	**(962,218)**	5,821,947	29,939,570
Net increase/(decrease) in cash and cash equivalents	**(1,252,939)**	1,510,564	23,412,223
Cash and cash equivalents at the beginning of the period	**24,263,974**	851,751	851,751
Cash and cash equivalents at the end of the period	**23,011,035**	2,362,315	24,263,974

NOTES TO THE INTERIMFINANCIAL INFORMATION

for the period ended 31 March 2015

1. Basis of accounting

The financial information set out in this interim report has been prepared under IFRS as adopted by the European Union, 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 2015.

The following new standards, amendments to standards and interpretations are mandatory for the first time in the current period and have no significant impact on the Group results or financial position.

International Accounting Standards ("IAS/IFRS")

IAS 19 (amendment)	Defined benefit plans: Employee contributions
IAS 27 (amended)	Investments in associates and joint ventures
IAS 32 (amendment)	Offsetting financial assets and liabilities
IAS 36 (amendment)	Recoverable disclosure for non-financial assets amount
IAS 39 (amendment)	Novation of derivatives and continuation of hedge accounting
IFRS 10	Group Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of interest in other entities
IFRIC 21	Levies

The group's accounting policies remain as stated in the group's full annual accounts for the year ended 30 September 2014, with the exception of items of property, plant, and equipment which qualify as plant and machinery which are now depreciated over 8 to 15 years (2014: 5 years; 2013: 20 years).

This report is not prepared in accordance with IAS 34, which is not mandatory. This interim report has not been audited but has been reviewed in accordance with ISRE 2410 by the Company's auditors BDO LLP. The financial information does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2005. Statutory accounts for easyHotel Plc for the year ended 30 September 2014 reported under IFRS 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 will be 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 the financial statements.

2. Revenue

	Unaudited	Audited	Audited
	6 months ended	6 months ended	year ended
	31/03/2015	31/03/2014	30/09/2014
	£	£	£
Revenue arises from			
Owned hotel revenue	**1,705,397**	668,274	2,275,832
Franchisee hotel revenue	**883,728**	583,701	1,245,819
Rent received	**-**	17,030	20,030

Brokerage commission	**202**	1,198	2,267
	2,589,327	1,270,203	3,543,948
Revenue by location			
United Kingdom	**1,941,594**	945,425	2,808,832
Europe	**274,538**	233,665	548,754
Rest of the world	**373,195**	91,113	186,362
	2,589,327	1,270,203	3,543,948

Franchisee hotel revenue and rest of the world revenue 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 31/03/2015 £	Audited 6 months ended 31/03/2014 £	Audited year ended 30/09/2014 £
Staff costs:			
- Wages and salaries	**647,192**	176,401	502,837
- Social security costs	**69,404**	18,287	48,941
- Staff recruitment and training	**46,190**	1,015	7,968
	762,786	195,703	559,746
Depreciation	**179,166**	109,574	410,771
Share based payments	**2,331**	-	80,891

The share based payment charge for the period ending 31 March 2015 includes a £43,166 credit relating to the resignation of former Chief Financial Officer on 29 January 2015.

4. Finance Income and Expense

	Unaudited 6 months ended 31/03/2015 £	Audited 6 months ended 31/03/2014 £	Audited year ended 30/09/2014 £
Finance income includes			
Interest income on financial assets measured at amortised cost	**28,878**	-	16,640
Interest income on amounts due from Benelux franchisee	**9,613**	-	-
	38,491	-	16,640
Finance expense includes			
Interest expense on financial liabilities measured at amortised cost	**(89,429)**	(36,165)	(126,822)
Foreign exchange loss	**(190,428)**	(3,843)	(5,913)
	(279,857)	(40,008)	(132,735)

Foreign exchange loss for the period includes an unrealized loss of £205,522 on amounts due from a Benelux franchisee. On 2 October 2014, the Group deposited €3.3m with a Belgian notary to secure an easyHotel property in Brussels which is intended to be a franchised hotel. Interest on this deposit is payable to easyHotel at a rate of 10% per annum from 2 April 2015. The exchange rate applied at the balance sheet date is £1/€1.3672.

5. Trade and other receivables

	Unaudited 6 months ended 31/03/2015 £	Audited 6 months ended 31/03/2014 £	Audited year ended 30/09/2014 £
Trade receivables	**631,672**	270,737	661,535
Less: provision for impairment of trade receivables	**-**	-	-
Trade receivables - net	**631,672**	270,737	661,535
Receivables from related parties	**-**	37,386	-
Accrued Income	**4,208**	-	4,208
Total financial assets other than cash and cash equivalents classified as loans and receivables	**635,880**	308,123	665,743
Prepayments	**145,552**	13,674	109,403
VAT receivables	**-**	46,814	147,677
Total trade and other receivables	**781,432**	368,611	922,823

Classified as follows:

Current portion	**781,432**	368,611	922,823

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.

Trade receivables consists of a €0.85m loan to the Benelux franchisee made in August 2014 which has been subsequently repaid.

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 31/03/2015 £	Audited 6 months ended 31/03/2014 £	Audited year ended 30/09/2014 £
Cash at bank and in transit	**20,597,343**	2,362,315	24,263,974
Restricted cash	**2,413,692**	-	-
	23,011,035	2,362,315	24,263,974

Restricted cash relates to the escrow referred to in note 4. At the period end the Group could have exchanged the amount held in escrow for a bank guarantee. In the event of hotel planning permission not being granted on the Brussels property, the funds held in escrow will be immediately returned to easyHotel. If planning permission is granted and the development is not pursued by a franchisee, easyHotel will assume ownership and control of this hotel development.

7. Trade and other payables

	Unaudited 6 months ended 31/03/2015 £	Audited 6 months ended 31/03/2014 £	Audited year ended 30/09/2014 £
Trade payables	**340,180**	329,755	246,225
Amounts owed to related parties	**-**	4,793,311	-
Other payables	**29,339**	13,506	19,027
Amounts payable to franchisees in future	**444,882**	497,309	525,422
Accruals	**406,522**	518,524	434,362
Total financial liabilities classified as financial liabilities measured as amortised cost	**1,220,923**	6,152,405	1,225,036
Other taxation and social security	**508,332**	10,580	509,276
VAT payable	**43,610**	-	-
Bookings in advance	**1,805,982**	1,819,616	1,651,797
Deferred Income	**181,284**	482,261	466,369
Total trade and other payables	**3,760,131**	8,465,462	3,852,478
Classified as follows:			
Non-current portion	**167,200**	448,409	435,196
Current portion	**3,592,931**	8,017,053	3,417,282
	3,760,131	8,465,462	3,852,478

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.

Maturity analysis of the financial liabilities, classified as financial liabilities measured at amortised cost, is as follows (the amounts shown are undiscounted and represent the contractual cash flows):

	Unaudited 6 months ended 31/03/2015 £	Audited 6 months ended 31/03/2014 £	Audited year ended 30/09/2014 £
Up to three months	**1,220,923**	6,152,405	1,225,036

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 2015			
Revenue			
Total revenue from external customers	1,705,397	883,930	**2,589,327**
Profit before taxation	753,675	591,382	**1,345,057**
Segment assets	40,898,560	2,109,476	**43,008,036**
Segment liabilities	(8,600,806)	(2,109,476)	**(10,710,282)**
Other			
Additions to non-current assets	861,241	-	**861,241**
Finance income/(expense)	(61,439)	(180,815)	**(242,254)**
Depreciation	(179,166)	-	**(179,166)**

31 March 2014

Revenue			
Total revenue from external customers	686,502	583,701	**1,270,203**
Profit before taxation	232,027	373,262	**605,289**
Segment assets	17,130,740	2,381,985	**19,512,725**
Segment liabilities	(13,283,477)	(2,381,985)	**(15,665,462)**
Other			
Additions to non-current assets	5,121,040	-	**5,121,040**
Finance income/(expense)	(36,165)	-	**(36,165)**
Depreciation	(102,498)	-	**(102,498)**

30 September 2014

Revenue			
Total revenue from external customers	2,295,862	1,249,086	**3,543,948**
Profit before taxation	957,938	1,016,795	**1,974,734**
Segment assets	40,401,459	2,372,488	**42,773,947**
Segment liabilities	(8,378,933)	(2,372,488)	**(10,751,421)**
Other			
Additions to non-current assets	7,436,176	-	**7,436,176**
Finance income	16,640	-	**16,640**
Depreciation	(410,771)	-	**(410,771)**

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 31/03/2015 £	Audited 6 months ended 31/03/2014 £	Audited year ended 30/09/2014 £
Profit before income tax			
Total profit of reportable segments	**1,345,057**	605,289	1,974,734
Corporate office expenses and interest	**(979,705)**	(262,768)	(846,660)
Restructuring and listing costs	**-**	-	(555,499)
Profit before tax per statement of comprehensive income	**365,352**	342,521	572,575
Assets			
Total assets for reportable segments	**43,008,036**	19,512,725	42,773,947
Cash in Employee Benefit Trust	**234,113**	-	1,192,291
Corporate office assets	**28,132**	-	16,297
Total assets per statement of financial position	**43,270,281**	19,512,725	43,982,535
Liabilities			
Total liabilities for reportable segments	**(10,710,282)**	(15,665,462)	(10,751,421)
Corporation tax	**(167,387)**	(85,038)	(51,674)
Corporate office liabilities	**(252,180)**	-	(301,057)
Deferred tax liability	**(94,257)**	(81.089)	(113,755)
Total liabilities per statement of financial position	**(11,224,106)**	(15,831,589)	(11,217,907)

9. Earnings per share

Basic and diluted 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 2014: 24,999,999; 30 September 2014: 34,262,499). The Group has no dilutive options, issued or outstanding, in relation to its share capital. Earnings consist of profit for the period attributable to the shareholders amounting to £243,765 (31 March 2014: £267,167; 30 September 2014: £407,919).

10. Events after the reporting date

On 16 April 2015, the Group acquired a freehold building at 47 Castle Street, Liverpool. Subject to obtaining planning consent, the Group plans to convert the four upper floors of the building into a 68-bedroom easyHotel, expected to open in Spring 2016. The ground floor of the property will remain a restaurant operated by a third party. In total, the purchase of the building and conversion project is expected to cost around £3m.

INDEPENDENT REVIEW REPORT TO EASYHOTEL PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2015 which comprises the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Statement of Financial Position, Group Statement of Cash Flows, and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report 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 condensed set of financial statements in the half-yearly financial report 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 condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2015 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
Date

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

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