19 May 2016

On the Beach Group plc

("On the Beach", the "Company" or the "Group")

INTERIM RESULTS FOR SIX MONTHS ENDED 31 MARCH 2016

53% GROWTH IN GROUP UNDERLYING PROFIT BEFORE TAX

Financial highlights

Group

- Revenue increased 21.6% to £35.5m (H1 2015: £29.2m)
- Operating profit, before amortisation and exceptional costs, up 35.5% to £10.3m (H1 2015: £7.6m)
- Operating profit up 54.2% to £7.4m (H1 2015: £4.8m)
- Adjusted underlying profit before tax(1) up 53.2% to £9.5m (H1 2015: £6.2m)
- Adjusted pro forma earnings per share of 5.9p is 51.3% up on last year (H1 2015: 3.9p)
- Significantly reduced net debt at half year to £6.6m (H1 2015: £22.3m debt)

(1) Adjusted underlying profit before tax is stated before exceptional costs of £0m (H1 2015: £0m), amortisation of acquired intangibles of £2.1m (H1 2015: £2.1m) and shareholder interest £0m (H1 2015: £3.8m)

UK

- Revenue up 21.1% to £35.0m (H1 2015: £28.9m)
- Revenue after marketing costs up 24.8% to £16.6m (H1 2015: £13.3m)
- EBITDA up 36.5% to £11.6m (H1 2015: £8.5m)

Operational highlights

UK

- Daily unique visitors increased by 17% to 26.4m (H1 2015: 22.5m)
- % revenue spent on online marketing decreased to 46.3% (H1 2015: 48.8%)
- Revenue per daily unique visitor increased by 3.9% to £1.33 (H1 2015: £1.28)
- First year of full national TV advertising has resulted in an increase in prompted brand awareness to 46% (H1 2015: 34%)

International

- Increased investment to drive market share growth in Sweden of £1.0m (H1 2015: £0.6m)
- Daily unique visitors increased by 140% to 1.13m (H1 2015: 0.47m)
- Revenue increased 112% to £0.51m (H1 2015: £0.24m)

Recent market trends

- The following key trends have emerged in H1 which are unlike previous years:
  - A shift away from the Eastern Mediterranean in favour of the Western Mediterranean
  - A sharp reduction in consumer confidence in the immediate aftermath of terrorist atrocities

- Some consumers choosing to delay the timing of booking a holiday, meaning that we expect FY 2016 to have a more predominant volume of bookings in the 'lates' summer period compared to previous years

Outlook

We continue to grow our share of market whilst driving YOY efficiency in our marketing spend, and realising the benefits of our operational leverage from our lightweight cost base. We are focused on profitable growth and remain on track to deliver management's expectations for the full year and our long term strategic goals.

Simon Cooper, Chief Executive of On the Beach Group plc, commented:

"The business has delivered impressive financial results in the first half that highlight the resilient and flexible nature of our model. I am pleased that we continue to make strong progress in delivering our strategic objectives. The terrorist acts in late 2015 and early 2016 created uncertainty and volatility in the holiday market however the business has adapted to changes in typical consumer practices by focusing on securing incremental supply in the Western Mediterranean, enhancing margin, delivering operational efficiencies and retaining an efficient level of spend in driving demand to site. In the absence of any future negative market events, we anticipate stronger consumer confidence in the second half of the financial year, buoyed by a strong lates market, and are on track to meet our expectations for the full year."

Analyst Meeting

A meeting for analysts will be held today at the offices of FTI Consulting, 200 Aldersgate, London, EC1A 4HD commencing at 10.30am.

For further information:

On the Beach Group plc	**via FTI Consulting**
Simon Cooper, Chief Executive Officer	
Wendy Parry, Chief Financial Officer	
FTI Consulting	**Tel: +44 (0)20 3727 1000**
Jonathon Brill	
Alex Beagley	
Tom Hufton	

About On the Beach

On the Beach is one of the UK's largest online retailers of beach holidays with a 17% share of the online short haul beach holiday market. The Company has a large opportunity to generate further growth, has a vision to become Europe's leading online retailer of beach holidays. On the Beach provides a significant structural challenge to legacy tour operators and travel agents as the Company continues its journey to disrupt the online retail of beach holidays with its scalable, flexible, innovative technology, combined with a strong customer value proposition and a low cost base. The business model is customer-centric, asset light, profitable and cash generative.

www.onthebeachgroupplc.com

Summary

Strategy and growth
The Group has a mission to make it simple for customers to plan, find and book their perfect beach holiday and a vision to be Europe's leading online retailer of beach holidays.

On the Beach has delivered significant growth within a growing market over the last three years by evolving a strategy based around the following drivers:

1. Driving an efficient increase in market traffic share

- Daily unique visitor growth of 17% in H1 and significant market share growth
- Reduction in percentage of Revenue spent on online marketing (H1 2016: 46.3% vs H1 2015: 48.8%)
- First year of full national TV advertising has resulted in an increase in prompted brand awareness to 46% (H1 2015: 34%)

2. Optimisation and personalisation of the customer proposition and customer experience

- Driving an increasingly simplified customer experience across multiple devices by continually split-testing changes to the website to drive increased conversion has resulted in an increase in revenue per unique visitor of 18%, 19% and 6% for smartphone, desktop and tablet respectively
- 93% of outbound CRM is now fully personalised to the individual user
- Repeat purchase rate has increased to 37.4%% (H1 2015: 32.4%)

3. Leveraging revenue through payment options and direct product sourcing

- Direct contracting has averaged 57% of all hotel buying compared to FY16 target 52% (H1 2015: 42.4%)
- FY16 proof of concept flight distribution programme of 72,000 flight legs on sale in January and more than 50% sold
- Plans in place to increase percentage of exclusive flight and hotel supply in FY17 and beyond whilst maintaining risk-free model

4. Drive operational leverage and expanding into new source markets in Northern and Central Europe

- Fixed and variable cost as a percentage of revenue reduced by 16% to 13.4% (H1 2015: 15.9%)
- 140% increase in daily unique visitors to Swedish site with 31% reduction in cost per unique visitor (excluding offline)
- 405% increase in branded traffic to Swedish site

We have continued to invest in our people and our platform which allows us to innovate at an increasing pace and, in doing so, stay ahead of the competition.

Financial Review

The Group organises its operations into two principal financial reporting segments, being UK (the "UK Segment"), the Group's established market) and International (the "International Segment", the Group's developing market). In each of the UK Segment and the International Segment, the Group realises 94% of revenue from dynamically packaged holidays with the remainder single element products such as flights or hotels.

UK Segment performance

	H1 2016 £m	H1 2015 £m	Change %
Revenue	35.0	28.9	21.1%
Revenue after marketing costs	16.6	13.3	24.8%
Variable costs	(1.9)	(2.2)	
Overhead costs	(2.8)	(2.4)	
Holding Company costs	(0.3)	(0.2)	
Depreciation and amortisation(1)	(1.0)	(0.9)	
EBIT	10.6	7.6	39.5%
EBITDA	11.6	8.5	36.5%
EBITDA % revenue	33.1%	29.4%	

(1) Excludes amortisation of acquired brand and website technology intangible assets of £2.1 (H1 2015: £2.1m)

Revenue and marketing costs

Revenue increased by 21.1% to £35.0m (H1 2015: £28.9m) with On the Beach's agile business model allowing the Group to react to rapid changes in consumer demand. The acts of terrorism in 2015 and 2016 have impacted Egypt and the Eastern Mediterranean resulting in stronger demand for holidays in the Western Mediterranean and a shortening of lead times. Revenue per daily unique visitor grew 3.9% in the first half to £1.33 (H1 2015: £1.28) driven by revenue per booking up 10.1% to £176.8 (H1 2015: £160.6) from the continuation of increasing the directness of relationships with our suppliers through the volume of in-house accommodation bookings to 57.4% (H1 2015: 42.4%).

Marketing expenses (excluding offline) for the first half as a percentage of revenue decreased to 46.3% (H1 2015: 48.8%) with total spend of £16.2m (H1 2015: £14.1m) driving an efficient increase in our share through the sophistication of our in house bid modelling and attribution tools. We have increased spend in the first half on the Group's offline TV advertising to £2.2m (H1 2015: £1.5m) with a fully national campaign resulting in an increase in prompted brand awareness to 46%.

UK segment EBITDA

Operational leverage continues to improve and as a result there has been a fall in costs as a percentage of revenue overall:

	H1 2016	H1 2015
Variable costs % revenue	5.4%	7.6%
Overhead costs % revenue	8.0%	8.3%
Holding Company costs % revenue	0.9%	0.7%
Total	14.3%	16.6%

Variable costs, which comprise mainly contact centre wages and credit card fees, are closely linked to booking volumes but have gained from the benefits of scale and the new EU fee interchange regulations. Continued operational leverage and the revenue benefit of direct relationships reduced overhead costs as a percentage of revenue to 8.0% (H1 2015: 8.3%).

EBITDA increased 36.5% to £11.6m (H1 2015: £8.5m). EBITDA as a percentage of revenue increased from 29.4% to 33.1%.

International Segment performance

£m	H1 2016	H1 2015
Revenue	0.5	0.2
Revenue after marketing costs	(0.8)	(0.4)
Variable costs	(0.1)	(0.1)
Overhead costs	(0.1)	(0.1)
EBITDA	(1.0)	(0.6)

The Group has focused on growing share both online and offline and launched a national TV campaign in December at a cost of £0.2m. The first half of FY16 saw significant growth in traffic, which was up 140%, with efficiencies in cost per click which fell 31% to £0.97 (H1 2015: £1.40) and an increasing branded traffic share which grew to 19.5% (H1 2015: 10.2%).

Losses in the first half were £1.0m (H1 2015: £0.6m) and are derived almost entirely from the marketing investment required to drive branded awareness and share of traffic which will in turn improve efficiency.

Group underlying profit before tax and retained earnings

The Group reports underlying profit before tax before shareholder interest (2), amortisation of acquired intangibles and deal costs to allow better interpretation of the underlying trend in profit before tax.

	H1 2016 £m	H1 2015 £m	Change %
Group operating profit before amortisation(1) and exceptional costs	9.6	7.1	35.2%
Non Underlying costs	-	(0.2)	
Finance costs	(0.2)	(0.8)	
Finance income	0.1	0.1	
Underlying Profit before tax	9.5	6.2	**53.2%**
Amortisation of acquired intangibles	(2.1)	(2.1)	
Shareholder loan interest	-	(3.8)	
Profit before taxation	7.4	0.3	
Taxation	(0.9)	(0.7)	
Profit/(Loss) for the half year	6.5	(0.4)	

(1) Includes amortisation of development costs but excludes amortisation of acquired brand and website technology intangible assets of £2.1m (H1 2015: £2.1m)

(2) Interest on shareholder loans will no longer be incurred following the IPO as shareholder loan notes were repaid in full by way of the issue of shares to loan note holders

Finance costs

Finance costs for the first half reduced significantly to £0.2m (H1 2015: £0.8m) with the bank term loan which was £18.9m as at 31 March 2015 repaid in full out of the Group's existing cash balances on 28 September 2015, post IPO. The Group has in place a new revolving credit facility of up to £35.0m with Lloyds. The drawdown on 31 March 2016 was £11.5m which was the peak level throughout the first half (borrowing limits vary under the RCF to reflect the seasonal requirements of the Group and as a result of the flexible payment options given to customers).

Taxation

The Group tax charge of £0.9m represents an effective rate[(1)] of 9.5% (H1 2015: 29.2%) which was lower than the average standard UK rate of 20% (H1 2015: 20.5%). This was affected by a deferred tax credit of £1.0m (2015 H1: £0.4m) which is released in line with the amortisation of £2.1m on the valuation of acquired intangibles on the investment by Inflexion in October 2013 and in the first half of FY15 by disallowed shareholder interest under the Advance Thin Capitalisation Agreement.

(1) Effective tax rate is calculated as taxation charge divided by underlying profit before tax plus shareholder interest

Cash flow and net debt

£m	H1 2016	H1 2015
EBITDA	10.6	7.9
Capitalised development spend	(1.2)	(0.9)
Movement in working capital[(1)]	(22.5)	(18.8)
Capital expenditure	(0.6)	(0.2)
Operating cash flow	(13.7)	(12.0)

(1) Movement in working capital has been adjusted to exclude £3.0m outflow from IPO deal costs

The Group operates a highly cash generative business model and makes no stock commitment. The cash flow profile of the Group is seasonal with approximately 50% of customers travelling in the period June to August and hence the cash flows (excluding any cash held in the trust) experience a trough prior to June through August and a peak following this.

Dividend

Whilst the Group operates a highly cash generative business model, the Board intends for the majority of profits to be reinvested to support future growth. The current intention is to pay a final dividend in relation to the financial year ending 30 September 2016. Thereafter, the Group will adopt a progressive dividend policy.

Simon Cooper
CEO
19 May 2016

Wendy Parry
CFO
19 May 2016

On the Beach Group Plc
INTERIM RESULTS FOR THE 6 MONTHS ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 31 March 2016

	Note	6 months ended 31 March 2016 £'000 unaudited	6 months ended 31 March 2015 £'000 unaudited	Year ended 30 September 2015 £'000 audited
Revenue	2	35,504	29,181	63,124
Administrative expenses before amortisation and exceptional costs	3	(25,181)	(21,575)	(45,657)
Group operating profit before amortisation and exceptional items		**10,323**	**7,606**	**17,467**
Exceptional costs		-	-	(3,831)
Amortisation of intangible assets		(2,924)	(2,765)	(5,622)
Group operating profit		**7,399**	**4,841**	**8,014**
Finance costs		(125)	(782)	(1,796)
Shareholder interest		-	(3,829)	(7,845)
Exceptional finance costs		-	-	(1,037)
Finance income		65	53	206
Net finance costs		(60)	(4,558)	(10,472)
Profit/ (Loss) before taxation		**7,339**	**283**	**(2,458)**
Taxation	4	(840)	(708)	(2,030)
Profit/(Loss) for the year/period		**6,499**	**(425)**	**(4,488)**
Other comprehensive income		-	-	-
Total comprehensive income/(Loss) for the period		**6,499**	**(425)**	**(4,488)**
Attributable to:				
Equity holders of the parent		**6,499**	**(425)**	**(4,488)**
Basic and diluted earnings per share	5	5.0p	(0.6p)	(5.8p)
Adjusted proforma earnings per share	5	5.9p	3.9p	8.9p
Adjusted profit measure				
Adjusted underlying PBT (before Shareholder interest, amortisation of acquired intangibles and exceptional costs and exceptional finance costs)	3	9,462	6,241	14,513

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

		As at 31 March 2016	As at 31 March 2015	As at 30 September 2015
		unaudited	unaudited	audited
Assets		**£'000**	**£'000**	**£'000**
Non-current assets				
Intangible assets	7	66,493	70,029	68,226
Property, plant and equipment		895	681	529
Total non-current assets		**67,388**	**70,710**	**68,755**
Current assets				
Trade and other receivables		92,581	79,444	29,998
Cash and cash equivalents	8	43,700	33,990	34,775
Other financial assets	9	-	65	-
Derivative financial instruments	9	3,128	-	677
Total current assets		139,409	113,499	65,450
Total assets		**206,797**	**184,209**	**134,205**
Equity				
Share capital	10	1,304	111,439	195,652
Share premium		-	-	13,856
Retained earnings		204,514	(6,176)	(10,239)
Capital contribution reserve		500	-	550
Merger reserve		(132,093)	(111,042)	(132,093)
Total equity/ (Deficit)		**74,225**	**(5,779)**	**67,726**
Non-current liabilities				
Loans and borrowings		-	84,559	-
Deferred tax		7,657	9,157	8,680
Total non-current liabilities		**7,657**	**93,716**	**8,680**
Current liabilities				
Corporation tax payable		3,290	1,318	2,110
Derivative financial instruments	9	-	689	-
Loans and overdrafts	9	11,493	4,621	-
Trade and other payables		110,132	89,644	55,689
Total current liabilities		**124,915**	**96,272**	**57,799**
Total liabilities		132,572	189,988	66,479
Total equity and liabilities		**206,797**	**184,209**	**134,205**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	Share capital	Share premium	Merger reserve	Capital contribution reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2014	111,437	-	(111,042)	-	(5,751)	(5,356)
Issue of shares	21,176	-	(21,051)	-	-	125
Debt for equity	54,887	12,391	-	-	-	67,278
New shares issued (primary offerings)	8,152	1,848	-	-	-	10,000
Capital contribution	-	-	-	500	-	500
Transaction costs offset against equity	-	(333)	-	-	-	(333)
Redemption of preference share	-	(50)	-	50	-	-
Total comprehensive loss for the period	-	-	-	-	(4,488)	(4,488)
Balance at 30 September 2015	**195,652**	**13,856**	**(132,093)**	**550**	**(10,239)**	**67,726**

For the 6 months ended 31 March 2015

	Share capital	Share premium	Merger reserve	Capital contribution reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2014	111,439	-	(111,042)	-	(5,751)	(5,356)
Total comprehensive loss for the period					(425)	(425)
Balance at 31 March 2015 (unaudited)	**111,439**	**-**	**(111,042)**	**-**	**(6,176)**	**(5,779)**

For the 6 months ended 31 March 2016

	Share capital	Share premium	Merger reserve	Capital contribution reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2015	195,652	13,856	(132,093)	550	(10,239)	67,726
Capital reduction (see note 8)	(194,348)	(13,856)		(50)	208,254	-
Total comprehensive loss for the period	-	-	-	-	6,499	6,499
Balance at 31 March 2016 (unaudited)	**1,304**	**-**	(132,093)	**500**	**204,514**	**74,225**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months ended 31 March 2016

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	unaudited	unaudited	audited
	£'000	£'000	£'000
Profit/(loss) before taxation	7,339	283	(2,458)
Adjustments for:			
Depreciation	205	184	477
Amortisation of intangible assets	2,924	2,765	5,622
Finance costs	125	4,611	10,678
Finance income	(65)	(53)	(206)
IPO costs	-	-	3,831
	10,528	7,790	17,944
Changes in working capital:			
Increase in trade and other receivables	(62,850)	(55,101)	(4,877)
Increase in trade and other payables	55,271	49,767	10,559
Increase/decrease in trust account	(14,939)	(13,536)	(3,466)
	(22,518)	(18,870)	2,216
Cash generated from underlying operating activities	(11,990)	(11,080)	20,160
IPO costs paid	(3,010)	-	(729)
Cash generated from operating activities	(15,000)	(11,080)	19,431
Tax paid	(685)	(732)	(1,736)
Net cash inflow from operating activities	**(15,685)**	**(11,812)**	**17,695**
Cash flows from investing activities			
Purchase of property, plant and equipment	(552)	(203)	(352)
Purchase of intangible assets	(1,210)	(944)	(1,995)
Interest received	65	53	206
Net cash outflow from investing activities	**(1,697)**	**(1,094)**	**(2,141)**
Cash flows from financing activities			
Proceeds from issue of share capital following Group restructure	-	-	10,000
Proceeds from issue of share capital	-	-	75
Proceeds from borrowings	11,500	-	-
Repayment of borrowings	-	(1,643)	(20,500)
Capital contribution	-	-	500
Interest paid	(133)	(622)	(1,422)
Payment of shareholder interest	-	-	(3,568)
Share issue costs	-	-	(333)
Net cash inflow/(outflow) from financing activities	**11,367**	**(2,265)**	**(15,248)**
Net increase/(decrease) in cash and cash equivalents	(6,015)	(15,171)	306
Cash at beginning of year	10,856	10,550	10,550
Cash at end of period	**4,841**	**(4,621)**	**10,856**

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 September 2015 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

The Group's last annual consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union.

The comparative figures for the year ended 30 September 2015 are an abridged version of the Group's last annual financial statements and, together with other financial information contained in these interim results, do not constitute statutory financial statements of the Group as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 30 September 2015 has been delivered to the Registrar of Companies. The auditor has reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

These interim financial statements were authorised for issue by the On the Beach's Board of Directors on 18 May 2016

The financial information for the six months ended 31 March 2016 has been reviewed by KPMG, the Company's external auditor. Their report is included within this announcement.

The company has not previously produced a half-yearly report containing a condensed set of financial statements. As a consequence, the review procedures set out above have not been performed in respect of the comparative period for the six months ended 30 March 2015.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Accounting estimates and judgements

In preparing these interim financial statements, management has 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 management 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 30 September 2015.

2. Segmental analysis

The management team considered the reportable segments to be "Core" and "International". All segment revenue, operating profit, assets and liabilities are attributable to the group from its principal activities as on online travel agent.

6 months ended 31 March 2016 (unaudited)	**Core**	**International**	**Total**
	£'000	**£'000**	**£'000**
Income			
Revenue	34,991	513	35,504
EBITDA*	11,868	(1,046)	10,822
Holding company costs	(264)	-	(264)
EBITDA after holding company costs	**11,604**	**(1,046)**	**10,558**
Depreciation and amortisation	(3,054)	(74)	(3,128)
Segment operating profit/(loss)	8,550	(1,120)	7,430
Non underlying costs			(31)
Group operating profit			**7,399**
Finance costs			(125)
Finance income			65
Profit before taxation			**7,339**
Non-current assets			
Goodwill	21,547	-	**21,547**
Other intangible assets	44,724	222	**44,946**
Property, plant and equipment	895	-	**895**

6 months ended 31 March 2015 (unaudited)	**Core**	**International**	**Total**
	£'000	**£'000**	**£'000**
Income			
Revenue	28,938	243	29,181
EBITDA*	8,697	(553)	8,144
Holding company costs	(201)	-	(201)
EBITDA after holding company costs	**8,496**	**(553)**	**7,943**
Depreciation and amortisation	(2,913)	(36)	(2,949)
Segment operating profit/(loss)	5,583	(589)	4,994
Non underlying costs			(153)
Group operating profit			**4,841**
Finance costs			(782)
Shareholder interest			(3,829)
Finance income			53
Profit before taxation			**283**
Non-current assets			
Goodwill	21,544	-	**21,544**
Other intangible assets	48,406	79	**48,485**
Property, plant and equipment	681	-	**681**

Year ended 30 September 2015

	Core	International	Total
	£’000	**£’000**	**£’000**
Income			
Revenue	62,451	673	63,124
EBITDA*	20,438	(1,782)	18,656
Holding company costs	(456)	-	(456)
EBITDA after holding company costs	**19,982**	**(1,782)**	**18,200**
Depreciation and amortisation	(6,023)	(74)	(6,097)
Exceptional acquisition costs	(3,831)	-	(3,831)
Segment operating profit/(loss)	10,128	(1,856)	8,272
Non underlying costs			(258)
Group operating profit			**8,014**
Finance costs			(1,796)
Shareholder interest			(7,845)
Exceptional finance costs			(1,037)
Finance income			206
Loss before taxation			**(2,458)**
Non-current assets			
Goodwill	21,544	-	**21,544**
Other intangible assets	46,505	177	**46,682**
Property, plant and equipment	529	-	**529**

*this is a non GAAP measure

3. Profit/(loss) for the period

a. Operating expenses

Expenses by nature including exceptional items and impairment charges:

	6 Months ended 31 March 2016	6 Months ended 31 March 2015	Year ended 30 September 2015
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Marketing	19,270	15,956	33,359
Depreciation	204	184	475
Staff costs	3,378	2,897	6,189
IT hosting, licences & support	421	482	969
Credit / Debit Card Charges	775	1,024	2,445
Other	1,133	1,032	2,220
Total Administrative expenses	**25,181**	**21,575**	**45,657**
Exceptional costs	-	-	3,831
Amortisation of intangible assets	2,924	2,765	5,622
Total exceptional and cost amortisation	**2,924**	**2,765**	**9,453**
Total expenses	**28,106**	**24,340**	**55,110**

b. Adjusted PBT

Management measures the overall performance of the Group by reference to Adjusted underlying PBT, a non-GAAP measure:

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Proft/(Loss) before taxation	7,339	283	(2,458)
Exceptional costs	-	-	3,831
Amortisation of acquired intangibles	2,123	2,129	4,258
Shareholder interest	-	3,829	7,845
Exceptional finance costs	-	-	1,037
Adjusted underlying PBT*	**9,462**	**6,241**	**14,513**
Less taxation			
Current	(1,870)	(1,202)	(3,019)
Deferred tax (excluding deferred tax movements relating to amortisation of acquired intangibles)*	29	68	136
	(1,841)	(1,134)	(2,883)
Adjusted underlying earnings*	**7,621**	**5,107**	**11,630**

*this is a non GAAP measure

Exceptional costs relate the costs incurred during the Groups IPO.

This adjusted profit measure is applied by management to understanding the earnings trend of the group and is considered the most meaningful measure by which to assess the true operating performance of the group.

4. Taxation

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Analysis of charge in period			
Current tax on losses for the year/period	1,870	1,202	2,973
Adjustments in respect of prior years	-	-	45
Total current tax	1,870	1,202	3,018
Deferred tax on profits for the year			
Origination and reversal of temporary differences	(404)	(494)	(988)
Impact of change in tax rate	(626)	-	-
Total deferred tax	(1,031)	(494)	(988)
Total tax charge	**840**	**708**	**2,030**

The differences between the total taxation shown above the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operating are as follows. The Group earns its profits primarily in the UK therefore the rate used for taxation is the standard rate for UK corporation tax.

	6 months ended 31 March 2015	6 months ended 31 March 2015	Year ended 30 September 2015
	unaudited	unaudited	audited
	£'000	**£'000**	**£000**
Profit/(loss) on ordinary activities before tax	7,338	283	(2,458)
Profit/(loss) on ordinary activities multiplied by the rate of corporation tax in the UK of 20% (31 March 2015: 20.5%, 30 September 2015: 20.5%)	1,468	58	(504)
Effects of:			
Other expenses not deductible	(2)	650	2,489
Impact of change in tax rate	(626)		
Adjustments in respect of prior years/periods	-	-	45
Total taxation charge	**840**	**708**	**2,030**

Other expenses not deductible in prior years relate to disallowable interest on shareholder loans

5. Earnings per share

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Earnings/(Loss) for the year/period	6,499	(425)	(4,488)
Basic weighted average number of Ordinary Shares (m)	130	74	78
Basic earnings per share (in pence per share)	5.0p	(0.6p)	(5.8p)

Adjusted earnings per share

Adjusted earnings per share are calculated by dividing adjusted underlying earnings after tax of On the Beach Group plc by the weight average number of shares. The weighted average number of shares for the comparative figures have been stated as if the group reorganisation has occurred at the 1 October 2014:

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Adjusted underlying Earnings (before Shareholder interest, amortised acquired intangibles and deal costs)	7,621	5,107	11,630
Number of ordinary shares	130	130	130
Adjusted proforma earnings per share (in pence per share)	5.9p	3.9p	8.9p

6. Dividends

No dividend has been declared for the 6 months ended 31 March 2016 (2015:£nil) in line with the Group's stated policy.

7. Intangible assets

	Brand	Goodwill	Website & development Costs	Website Technology	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 October 2015	30,079	21,544	5,023	22,513	79,159
Additions	-	-	1,191	-	1,191
At 31 March 2016	**30,079**	**21,544**	**6,214**	**22,513**	**80,350**
Accumulated amortisation					
At 1 October 2015	4,010	-	2,419	4,504	10,933
Charge for the period	1,003	-	794	1,127	2,924
At 31 March 2016	**5,013**	**-**	**3,213**	**5,631**	**13,857**
Net book amount					
At 31 March 2016	**25,066**	**21,544**	**3,001**	**16,882**	**66,493**

	Brand	Goodwill	Website & developmen t Costs	Website Technology	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 October 2014	30,079	21,544	3,028	22,513	**77,164**
Additions	-	-	941	-	**941**
At 31 March 2015	**30,079**	**21,544**	**3,969**	**22,513**	**78,105**
Accumulated amortisation					
At 1 October 2014	2,005	-	1,055	2,251	**5,311**
Charge for the period	1,003	-	636	1,126	**2,765**
At 31 March 2015	**3,008**	**-**	**1,691**	**3,377**	**8,076**
Net book amount					
At 31 March 2015	**27,071**	**21,544**	**2,278**	**19,136**	**70,029**

	Brand	Goodwill	Website & development Costs	Website Technology	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 October 2014	30,079	21,544	3,028	22,513	77,164
Additions	-	-	1,995	-	1,995
At 30 September 2015	**30,079**	**21,544**	**5,023**	**22,513**	**79,159**
Accumulated amortisation					
At 1 October 2014	2,005	-	1,055	2,251	5,311
Charge for the year	2,005	-	1,364	2,253	5,622
At 30 September 2015	**4,010**	**-**	**2,419**	**4,504**	**10,933**
Net book amount					
At 30 September 2015	**26,069**	**21,544**	**2,604**	**18,009**	**68,226**

8. Cash and cash equivalents

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Cash	4,841	-	10,856
Trust account	38,859	33,990	23,919
	43,700	**33,990**	**34,775**

Trust accounts are restricted cash held separately and only accessible at the point the customer has travelled.

9. Financial instruments

The following table provides the fair values of the Group's financial assets and liabilities:

	FV Level	6 months to 31 March 2016 unaudited £'000	6 months to 31 March 2015 unaudited £'000	Year ended 30 September 2015 audited £'000
Financial Assets				
Derivative financial instruments	2	3,128	-	677
Interest rate swap agreement	2	-	65	-
		3,128	**65**	**677**
Financial Liabilities				
Derivative financial instruments	2	-	689	-
Rolling credit facility	2	11,493	-	-
Overdrafts		-	4,621	-
		11,493	**5,310**	-

Derivative financial instruments
The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on purchases denominated in Euros and US Dollars. The Group's policy is to mitigate foreign currency transaction exposures where possible and the Group uses financial instruments in the form of forward foreign exchange contracts to hedge future highly probable foreign currency cash flows.

Rolling credit facility
The Group entered into a Lloyds Facility on 18 September 2015 with Lloyds. A revolving credit facility is being made available under the terms of the Second Lloyds Facility in an aggregate amount of up to £35,000,000.

The borrowing limits under the facility will vary monthly throughout the period of the Second Lloyds Facility to reflect the seasonal borrowing requirements of the Group, ranging from £2,000,000 in one month to the full £35,000,000 in another month. The Facility will be available up to the second anniversary of the closing date (or for a shorter period of time at the Company's discretion).

It is to be repaid in monthly instalments which vary in accordance with the Group's seasonal requirements. No early repayment fees are payable.

The margin contained in the Facility is dependent on gross leverage ratio and the rate per annum ranges from 1.10%. to 1.90% for the utilised facility and 0.39% to 0.67% for the non-utilised facility.
The terms of the facility include the following financial covenants:
(i) that the ratio of total debt to EBITDA in respect of any relevant period shall not exceed 2:1 (with a one-off increase to a ratio of 2.5:1); and
(ii) that the ratio of EBITDA to finance charges in respect of any relevant period shall not be less than 5:1.
There have been no changes to the fair value methodology and categorisation for financial assets and liabilities since the year-end.

Interest rate swap contracts

The Group entered into an interest rate swap instrument which was still in place at 31 March 2015. This instrument enabled the Group to mitigate interest rate fluctuation risk. Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing the cash flow exposures on the issued variable rate debt held.

As part of the group restructure, the loan and interest rate cap were settled prior to the year end. As a result the Group no longer has any outstanding contracts.

The fair value of the interest rate swaps at the prior year reporting date was determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contracts.

Fair value estimation

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The fair values noted above are approximates of the carrying amounts of the instruments

There is no difference between the carrying value and fair value of cash and cash equivalents, trade and other receivables and trade and other payables.

10. Share capital

Capital reduction

As contemplated in the prospectus dated 23 September 2015 for Company's IPO and pursuant to a resolution of the shareholders of the Company passed on 21 September 2015, the Company has completed a reduction of capital, cancellation of share premium account and cancellation of capital redemption reserve (the "Reduction & Cancellation").

The Reduction & Cancellation was formally approved by the High Court of Justice, Chancery Division, on 18 November 2015. Following registration of the order of the High Court with Companies House, the Reduction & Cancellation became effective on 18 November 2015.

Following the Reduction & Cancellation, the issued share capital of the Company consists of 130,434,763 ordinary shares of £0.01 each, as at 18 November 2015.

The effect of the Reduction & Cancellation is to create distributable reserves to support the Board's future dividend policy.

11. Related party transactions

Prior to 28 September 2015, the group was controlled by Inflexion Private Equity Partners LLP.

The following transactions were carried out with related parties:

	6 Months ended 31 March 2016	6 Months ended 31 March 2015	Year ended 30 September 2015
	£'000	£'000	£'000
Inflexion	-	50,761	-
Directors and close family members	-	16,119	-
	-	66,880	-

Management fees

	6 Months ended 31 March 2016	6 Months ended 31 March 2015	Year ended 30 September 2015
	£'000	£'000	£'000
Fees charged by:			
Inflexion	-	590	1,180

Fees charged by related parties are settled in cash. All amounts owing had been settled prior to the year-end date. Included in the management fee above, an exit fee totalling £902,656 was paid to inflexion following admission. The Exit Fee is equal to the sum of 1% of the enterprise value of the Company (reduced proportionately to reflect the fact that the listing of the Company is not a disposal of the entire issued share capital of the Company).

12. Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Company's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 30 September 2015. These risks are summarised below, and how the Company seeks to mitigate these risks is set out on pages 13, 14 and 15 of the Annual Report and Accounts 2015 which can be found at www.onthebeachgroupplc.com

A summary of the nature of the risks currently faced by the Group is as follows:

- Consumer confidence risk
- Supply chain risk
- Reputation risk
- Competition risk
- Systems and technology risk
- People risk
- Foreign exchange risk
- Working capital risk
- VAT complexity
- Litigation risk
- Regulatory risk

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting'.
- 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).
- 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).

This responsibility statement was approved by the Board on 19 May 2016 and is signed on its behalf by:

Simon Cooper	**Wendy Parry**
CEO	CFO
19 May 2016	19 May 2016

INDEPENDENT REVIEW REPORT TO ON THE BEACH GROUP 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 2016 which comprises the condensed consolidated income statement and statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory 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.

This report is made solely to the Company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

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.

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 UK. 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.

The Company has not previously produced a half-yearly report containing a condensed set of financial statements. As a consequence, the review procedures set out above have not been performed in respect of the comparative period for the six months ended 30 March 2015.

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 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Mick Davies
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

19 May 2016