

# lastminute.com

## NEWS RELEASE

For Immediate Release

4 May 2000

### INTERIM RESULTS 2000

**TOTAL TRANSACTION VALUE £11.4 MILLION (GBP) FOR HALF YEAR, 37 TIMES PREVIOUS HALF YEAR AND GROSS PROFIT INCREASES TO £1.1 MILLION (GBP)**

#### Financial Highlights Q2 over Q1

- Q2 total transaction value grew 68% to £7.2 million
- New customers doubled
- Gross profit grew 102% to £707k
- Registered subscribers across Europe grew 142% to 1.4 million
- Number of items sold grew by 88%

#### Business Strategy Highlights

- Signed major distribution deals broadening reach of lastminute.com across Europe
  - AOL, Excite, NTL, TPS, World Online
- Suppliers increased 124% to 2,466 Q2 over Q1
- 45% of items sold in Q2 were non-travel related
- National awareness of lastminute.com doubled over quarter from 22% to 46%
  - Most recognised e-commerce brand in London and second most recognised in UK\*
- First sponsorship deal of weekly email showing potential for alternative revenue streams

lastminute.com plc (LSE: LMC; NASDAQ: LMIN), the provider of a global market place for last minute solutions on the internet announces results for the second quarter and the six months ended 31 March 2000. These are the first set of results since admission to the Official List of the London Stock Exchange and the NASDAQ National Market in March 2000.

#### Six months ended 31 March 2000

	Six months ended 31 Mar 2000	Six months ended 31 Mar 1999	Growth
Total transaction value	£11,417k	£300k	3,706%
Gross profit	£1,112k	£25k	4,348%

\* BMRB poll of 3,000 respondents conducted in January and April 2000. Excluding ISPs and search engines.

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## Quarter ended 31 March 2000

	Quarter ended 31 Mar 2000	Quarter ended 31 Dec 1999	Growth
Registered subscribers	1,385,042	571,687	142%
Customers since inception	65,387	28,687	128%
Number of items sold during quarter	74,541	39,683	88%
Number of suppliers at period end	2,466	1,102	124%
Total transaction value	£7,162k	£4,255k	68%
Gross profit	£707k	£350k	102%

Commenting on the results Brent Hoberman, Chief Executive Officer, said:

"The growth we have demonstrated shows the significant progress we are making in building a global last minute marketplace. By increasing our supplier base and adding new delivery platforms for our services, we continue to provide our growing European customer base with inspiration and solutions for their last minute requirements. We are delighted that growth has continued during the period - our total transaction value for the quarter was three times that for the total financial year 1999."

## Developments in the quarter

Significant marketing and distribution agreements signed across Europe include:

- AOL and Netscape (UK, France, Germany)
- World Online (Pan European)
- Excite UK
- TPS interactive digital TV (France)
- T-Online (Germany)
- Ericsson
- NTL, CWC and Telewest giving access to customers in a potential 12 million homes
- Extending its WAP phone distribution, going live on BT and Cellnet WAP
- Over 32m page views in March

lastminute.com has strengthened its supplier relationships:

- Agreements now in place with 55 national scheduled airlines, increased from 29
- Current auction of 10,000 seats with British Midland
- An exclusive UK nationwide promotion with UCI cinemas
- Agreed commercial terms with Utell International for access to 7,700 hotels worldwide

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Inaugural sponsorship of the weekly email

Independent research reconfirms lastminute.com to be the second most recognised UK e-commerce brand with awareness growing from 22% to 46%. Total sales and marketing spend since its launch in October 1998 has only been £8.4 million.

## Enquiries:

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A conference call facility is in place at 9.30am UK time to cover the UK analyst presentation.

UK - 020 8781 0562. To gain access, please quote lastminute.com and Mr Hoberman.

If you will be unable to meet this time, there will be a replay version available for 24 hours following the presentation. UK - 0208 288 4459, access code: 696 862.

At 3pm UK time a second conference call will take place for US investors and analysts.

The dial in numbers for this call are as follows: UK - 020 8781 0562 US - +1 800 434 7910.

There will also be a replay facility of this call available for up to 24 hours.

UK - 0208 288 4459, access code: 696 932 US - +1 703 736 7336, access code: 696 932

Slides for the presentation will be available from 9.30am onwards on the lastminute.com Investor Relations page.

Results for the third quarter 2000 are expected to be issued in the first week of August 2000.

Notes to editors:

About lastminute.com

- lastminute.com was founded by Brent Hoberman and Martha Lane Fox in 1998. The web site (www.lastminute.com) was launched in the UK in October 1998.
- Based on the idea of matching supply and demand at the last minute via the Internet, lastminute.com works with a range of suppliers in the travel, entertainment, restaurant and gift industries and is dedicated to bringing its customers attractive products and services. lastminute.com aims to provide solutions and inspiration to its customers at short notice.
- Following the success of the UK site, localised versions of the web site have since been launched in France, Germany and Sweden in September, October and December 1999 respectively.
- lastminute.com now has relationships with over 2,450 key suppliers, including international scheduled airlines, hotels, package tour operators, theatre, sports and entertainment promoters, restaurants, specialty service providers and gift suppliers, both in the UK and internationally. Supplier relationships include British Airways, British Midland, Virgin Atlantic Airways, Bass Hotels and Resorts, Starwood Hotels and Resorts Worldwide, English National Ballet, The Royal Albert Hall, Conran Restaurants and One for the Road.

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Registered subscribers are defined as users of the lastminute.com web site who have submitted their e-mail addresses and other data and have elected to receive lastminute.com's weekly e-mail. This does not include users who register with the company, but elect not to receive its weekly e-mails. Since lastminute.com counts its registered subscribers based on their e-mail addresses, users who register multiple times using different e-mail addresses will count as multiple registered subscribers. For example, if a user has registered with lastminute.com using an e-mail address at work and one at home, the user will be counted as two registered subscribers.

Total transaction value does not represent statutory turnover. In the majority of transactions, where lastminute.com acts as agent or cash collector, total transaction value represents the price at which products or services have been sold across the web site, net of value added tax and associated taxes. In other cases, for example the reservation of restaurant tables, a flat fee is earned, irrespective of the value of products or services provided. In such cases total transaction value represents the flat fee commission earned. In the small number of cases where lastminute.com acts as principal, total transaction value represents the price at which products or services are sold across the web site, net of value added tax and associated taxes.

In the majority of cases, lastminute.com does not take ownership of the products or services being sold and acts as agent, receiving a commission from the supplier of the products or services being sold. In these cases, turnover represents commission earned, less amounts due or paid on any commission shared. In a limited number of cases, lastminute.com acts as principal and purchases the products or services for resale. Where lastminute.com acts as principal, turnover represents the price at which the products or services are sold across the web site. Turnover is recognised once charges to the customer's credit card have been made and is stated exclusive of value added tax and associated taxes. Additional revenue streams (eg. sponsorship) also contribute to turnover.

The number of customers is the cumulative number of customers since the inception of lastminute.com. Customers are defined as individuals who have purchased goods and services over lastminute.com's platform.

An item sold is an individually priced product or service purchased by a customer

The number of suppliers includes individual airlines, hotels, holiday package suppliers, entertainment vendors, gift suppliers, restaurants and speciality service suppliers. An active supplier is a supplier who has provided lastminute.com with an allocation of at least one item over the period.

A page impression is a file or a combination of files sent to a viewer as a result of that viewer request being received by the server. Non-requested files (e.g. some images, surplus html files served to build frame-sets, pop up pages and internally generated traffic pages, etc.) are excluded. One request by a valid user should result in one page impression being served. Where service providers, search engines or other organisations cache site content, page impressions served from the cached site may not be recorded by the originating site.

This press release may contain forward looking statements. Expressions of future goals, including without limitation, "intend", "will", "should", "are well on track", "expect" or "continue", and similar expressions reflecting something other than historical fact are intended to identify forward looking statements. The following factors, among others, could cause lastminute.com's actual results to differ materially from those described in the forward looking statements: management of lastminute.com's rapid growth; introduction of new architecture for its websites, systems-related failures; the ability to attract and retain qualified personnel; adverse changes in lastminute.com's relationships with airlines and other product and service providers; potential adverse changes in its commission rates; the effects of increased competition; lastminute.com's dependence on its ability to establish its brand; lastminute.com's ability to protect its domain names and other intellectual property rights; legal and regulatory risks; and unforeseen events affecting the travel industry. All such forward looking statements are made in reliance on the safe harbour provision of the US Private Securities Litigation Reform Act of 1995. These and other risk factors are described in detail in lastminute.com's Prospectus dated 14 March 2000, which has been filed with the Securities and Exchange Commission, USA as well as the Prospectus dated 1 March 2000 files with the London Stock Exchange, UK.

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## INTERIM REPORT

### Chief Executive's Review

On 21 March 2000 lastminute.com floated on the London Stock Exchange and on the NASDAQ National Market raising £125 million before expenses. These results represent our first as a publicly traded company.

During the quarter ended 31 March 2000, we added a further 813,355 registered subscribers taking the total at 31 March 2000 to 1,385,042.

During the quarter customers purchased over 74,500 items through lastminute.com generating total transaction value of £7.2 million. This compared to customers purchasing 39,683 items with a total transaction value of £4.3 million in the prior quarter. Approximately 45% of the items sold in the quarter to 31 March 2000 were non-travel travel related products and services. Quarter on quarter, gross profit grew at a significantly higher rate (102%) than total transaction value (68%) reflecting some margin improvement and new sources of turnover e.g. sponsorship of weekly email.

The breadth of our supplier base increased by 124% to over 2,450 with more than 80% of individual suppliers providing allocations of their products and services through lastminute.com during the quarter. In many instances we work on a net fare basis where we have negotiated wholesale prices from suppliers onto which we can add our own markup to present a retail price. We believe that by increasing our product and services range through our supplier relationships that there will be an increase the rate of conversion of subscribers to customers and a subsequent increase the number of items each customer purchases.

### International Expansion

In line with our strategy to be the leading provider of last minute solutions over the internet, we announced the appointment of Managing Directors for Spain and Benelux. These appointments should serve to enhance our European operations. Already, lastminute.com visitors can take advantage of product offers in Spain through our recently launched Spanish page on all the sites. We have signed some important supplier deal with companies in Continental Europe including Lufthansa, LTU Touristic, Mars (France), Braathens, Trivselresor, Iberia, Aer Lingus, Le Mans and 100 top restaurants.

### Management

We continued to strengthen our management team during the quarter with the appointments of Charles McKee, Executive Vice President, formerly with Virgin Atlantic Airways; David Kelly, Head of UK Operations, formerly with Amazon.co.uk; Helen Baker, Head of UK Supply, formerly with Thomson Travel Group and Jill Durham, Head of Legal and Business Affairs, formerly with Virgin Atlantic Airways. We believe we now have a stronger team with highly relevant experience to continue to grow and expand our business both in the UK and internationally.

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## **Marketing Initiatives**

During the quarter ended 31 March 2000, lastminute.com has continued a highly targeted off-line brand building campaign. Media Metrix Corp statistics for March 2000 ranked lastminute.com as the most popular UK travel site, the third most popular German travel site and the fifth most popular French travel site.

We continue to use a wide range of media aimed at speaking to people when they will be most receptive to the lastminute.com message. To this end we have used a media mix that includes roadside posters, London Underground, transport media (buses and taxis) as well as radio and press advertising. In addition we have used innovative techniques such as inserting post-it notes into listings magazines, and managing a high-impact media campaign with Capital Radio during a broadcast promotion in March. Successful off-line marketing also continues in Germany, France and Sweden through the use of buses, subways and bill boards.

The lastminute weekly email, sent to all subscribers, was sponsored for the first time in March by first-e group plc contributing a six figure sum to gross profit.

## **Off-line Brand Awareness Advertising Campaign**

In April 2000, we engaged BMRB to report on our brand awareness. The results of the survey involving 3,000 respondents demonstrated that overall awareness of lastminute.com had doubled from 22% to 46% and re-confirmed lastminute.com as the second most recognised e-commerce brand across the UK (excluding ISPs or search engines). Within Greater London, brand awareness was even greater and ranked lastminute.com as the number one recognised e-commerce brand.

## **Technology**

We have continued to develop our new technology platform during the quarter and are well on track to implement this by end June 2000, the date outlined in our prospectus. The new technology should provide us with a robust, scalable platform and accommodate the expected growth of the business. In addition, the new technology platform will further automate links with suppliers and begin to introduce customer personalisation. By the end of the year we intend to roll out further enhancements including advanced personalisation, transactional m-commerce, dynamic pricing, geospatial technology which allows us to pinpoint our customers and supply targeted offers to them, and improved customer relationship management.

## **Recent Developments**

In March, we announced a joint venture with travel.com.au, the Australian internet travel company to establish lastminute.com in Australia and New Zealand. Under the agreement, travel.com.au will contribute capital in return for equity in the joint venture company. lastminute.com will provide services such as designing and hosting the joint venture company's web site and providing technical support for a period of time in return for equity in the joint venture company. In addition, travel.com.au will provide management for the start-up operation.

We have signed pan European marketing deals with AOL and World Online giving us access to millions of loyal users throughout Europe. Today we are announcing that we have entered an advertising and e-commerce relationship with Excite UK. Under the terms of the agreements, both

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Excite.co.uk and Excite Mobile will carry lastminute.com products and services, enabling Excite UK's millions of users to access the offers from a computer and a mobile phone.

Today we are also launching the first commercial WAP restaurant booking service in the UK. Owners of WAP-enabled 'Internet Phones' will be able to make reservations on the move at any one of the more than 200 specially selected restaurants.

In the last couple of weeks we have started to auction British Midland flights to an array of European destinations. British Midland are supplying seats on a regular basis up to approximately 10,000 seats in May. This has proved highly popular with our customers and beneficial for British Midland. A spokeswoman at British Midland commented "We are delighted with the results of our seat auctions with lastminute.com. On the first day alone we sold around 98% of the seats we put up for auction. These results are very encouraging and highlight the importance of the internet as a distribution channel for the future."

### **Current Trading and Outlook**

Since 31 March 2000, we have seen continued growth in subscriber numbers and customers.

During the current quarter we intend to implement our new technology platform and launch national local language sites for Spain and The Netherlands.

We expect the growth in our registered subscriber base to continue as we expand internationally and execute our business plan. We will continue to concentrate on the provision of last minute solutions over the internet via a variety of platforms – personal computers, mobile, interactive digital television and personal digital assistants (PDAs). We intend to augment our current offering by providing customers with a fuller last minute service offering, both when they are flexible and when they are not, offering convenience and/or great prices.

### **DETAILED FINANCIAL REVIEW**

Total transaction value of products and services sold through our website for the quarter ended 31 March 2000 was £7.2 million, representing a 68% increase from £4.3 million in the prior quarter ended 31 December 1999 and a 2,504% increase over the comparable quarter ended 31 March 1999 of £275k. Turnover for the quarter ended 31 March 2000 was £834k, representing an 104% increase from £409k in the prior quarter ended 31 December 1999 and a 3,236% increase over turnover for the quarter ended 31 March 1999 of £25k. Gross profit for the second quarter ended 31 March 2000 was £707k, representing a 102% increase from £350k in the prior quarter ended 31 December 1999 and a 2,974% increase over gross profit for the quarter ended 31 March 1999 of £23k.

Total transaction value, turnover and gross profit increased primarily due to the expansion of products and service available through our web site and, as market awareness and functionality of our web site improved, from the expansion of our registered subscriber base, both in the UK and internationally.

Cost of sales, principally consisting of the costs of entertainment tickets purchased by us as principal for resale, totalled £127k, an increase of 115% over the three months ended 31 December 1999.

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Gross profit consists primarily of commissions earned on products and services sold, including airline tickets, hotel room reservations, package holidays, tickets to entertainment events, restaurant reservations and gifts. In addition, in March 2000 we announced the first sponsorship of our weekly email list by first-e group which contributed a six-figure sum to turnover and gross profit.

### **Operating Expenses**

#### PRODUCT DEVELOPMENT

Product development expenses for the quarter ended 31 March 2000 increased to £2.6 million from £1.5 million in the prior quarter. These expenses primarily consisted of costs associated with the ongoing build and testing of our new three tier architecture, personnel costs, web hosting, software licence fees and other expenses associated with the ongoing operations of our web site. In addition, in accordance with UK GAAP and US GAAP, we capitalised £1.5 million of costs as the site upgrade has reached application development stage. For the quarter ended 31 December 1999 we capitalised costs of £494k.

#### SALES AND MARKETING

Sales and marketing for the quarter ended 31 March 2000 increased to £4.8 million from £2.4 million in the prior quarter. This increase was due to significant expenditures for Continental European sales and marketing initiatives (both on and off-line), extensive branding campaigns across Continental Europe and an overall increase in sales and marketing personnel within the company.

#### GENERAL AND ADMINISTRATION

General and administrative costs for the quarter ended 31 March 2000 increased to £2.0 million from £1.5 million. The increase primarily relates to an increase in personnel, professional fees and other overheads.

#### NON-CASH SHARE-BASED COMPENSATION

Non-cash share based compensation represents the difference between the exercise price of share options granted and the fair value of the underlying ordinary shares at the date of grant. Non-cash share based compensation charges for the quarter ended 31 March 2000 increased to £1.9 million from £0.5 million in the prior quarter.

#### NATIONAL INSURANCE CHARGES

The charge of £0.9 million reflects an increase in the provision to fully provide for the employer's National Insurance liability which may be incurred on any gain in stock options granted after 5 April 1999. This provision is revised at the end of each quarter to take account of movements in lastminute.com's share price at each balance sheet date.

Loss on ordinary activities before taxation for the quarter ended 31 March 2000, stated before the charge for non-cash share-based compensation and the provision for National Insurance was £8.2 million compared to £5.0 million for the quarter ended 31 December 1999 and £0.3 for the quarter ended 31 March 1999.



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## **INDEPENDENT REVIEW REPORT TO LASTMINUTE.COM PLC**

### **Introduction**

We have been instructed by the company to review the financial information set out on pages 6 to 12 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

### **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board.

A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2000.

Ernst & Young  
London, 4 May 2000

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## Second quarter and six months results

### ADDITIONAL INFORMATION ON TOTAL TRANSACTION VALUE

	Quarter ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31Mar 2000 US\$000s* <u>Unaudited</u>	Quarter ended 31 Dec 1999 UK£000s <u>Audited</u>	6 months ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31 Mar 1999 UK£000s <u>Unaudited</u>	6 months ended 31 Mar 1999 UK£000s <u>Unaudited</u>
<i>Total transaction value</i>	<u>7,162</u>	<u>11,459</u>	<u>4,255</u>	<u>11,417</u>	<u>275</u>	<u>300</u>

### CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Quarter ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31Mar 2000 US\$000s* <u>Unaudited</u>	Quarter ended 31 Dec 1999 UK£000s <u>Audited</u>	6 months ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31 Mar 1999 UK£000s <u>Unaudited</u>	6 months ended 31 Mar 1999 UK£000s <u>Unaudited</u>
<b>Turnover</b>	834	1,334	409	1,243	25	27
Cost of sales	<u>127</u>	<u>203</u>	<u>59</u>	<u>186</u>	<u>2</u>	<u>2</u>
Gross profit	707	1,131	350	1,057	23	25
Operating costs:						
Product development	2,571	4,113	1,457	4,028	115	197
Sales and marketing	4,801	7,682	2,417	7,218	89	145
General and administration	1,991	3,186	1,492	3,483	94	150
Non-cash share-based compensation	1,854	2,966	540	2,394	18	24
National Insurance provision	<u>925</u>	<u>1,480</u>	<u>479</u>	<u>1,404</u>	-	-
Total operating costs	(12,142)	(19,427)	(6,385)	(18,527)	(316)	(516)
Other operating income	<u>75</u>	<u>120</u>	-	<u>75</u>	-	-
<b>Operating loss</b>	(11,360)	(18,176)	(6,035)	(17,395)	(293)	(491)
Interest receivable	376	602	40	416	3	7
Interest payable and similar charges	<u>(18)</u>	<u>(29)</u>	<u>(9)</u>	<u>(27)</u>	-	-
<b>Loss on ordinary activities before taxation</b>	(11,002)	(17,603)	(6,004)	(17,006)	(290)	(484)
Taxation	-	-	-	-	-	-
<b>Loss on ordinary activities before taxation</b>	(11,002)	(17,603)	(6,004)	(17,006)	(290)	(484)
Accrued preference dividends	-	-	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>	<u>(20)</u>
<b>Retained loss for the period</b>	<u>(11,002)</u>	<u>(17,603)</u>	<u>(6,014)</u>	<u>(17,016)</u>	<u>(300)</u>	<u>(504)</u>
Loss per share - Basic and fully diluted	(19.32)p	\$(0.31)	(17.09)p	(36.99)p	(0.91)p	(1.54)p
<b>Weighted number of shares outstanding</b>	56,939,342	56,939,342	35,192,940	46,006,282	32,832,000	32,832,000

\*Translated solely for the convenience of the reader at the rate of \$1.6000 = £1

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## Second quarter and six months results

### CONSOLIDATED BALANCE SHEET

	At 31 Mar, 2000	At 31 Mar, 2000	At 31 Sep, 1999	At 31 Mar, 1999
	UK£000s <u>Unaudited</u>	US\$£000s* <u>Unaudited</u>	UK£000s <u>Audited</u>	UK£000s <u>Unaudited</u>
<b>Fixed assets</b>				
Tangible fixed assets	4,144	6,630	403	35
<b>Current assets</b>				
Stocks	35	56	1	-
Debtors	5,874	9,398	743	123
Cash at bank and in hand	<u>131,155</u>	<u>209,848</u>	<u>4,319</u>	<u>270</u>
	137,064	219,302	5,063	393
<b>Creditors: amounts falling due within one year</b>	<u>7,609</u>	<u>12,174</u>	<u>2,289</u>	<u>609</u>
<b>Net current assets/(liabilities)</b>	<u>129,455</u>	<u>207,128</u>	<u>2,774</u>	<u>(216)</u>
<b>Total assets/(liabilities) less current liabilities</b>	<u>133,599</u>	<u>213,758</u>	<u>3,177</u>	<u>(181)</u>
<b>Provisions for liabilities and charges</b>	<u>2,563</u>	<u>4,101</u>	<u>614</u>	<u>16</u>
	<u>131,036</u>	<u>209,657</u>	<u>2,563</u>	<u>(197)</u>
<b>Capital and reserves</b>				
Called up share capital	1,503	2,405	3	2
Share premium account	148,280	237,247	6,724	599
Profit & loss account	(21,803)	(34,885)	(4,826)	(800)
Other reserves	<u>3,056</u>	<u>4,890</u>	<u>662</u>	<u>2</u>
<b>Total shareholders' funds</b>	<u>131,036</u>	<u>209,657</u>	<u>2,563</u>	<u>(197)</u>

\*Translated solely for the convenience of the reader at the rate of \$1.6000 = £1

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## Second quarter and six months results

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Quarter ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31 Mar 2000 US\$000s <u>Unaudited</u>	Quarter ended 31 Dec 1999 UK£000s <u>Unaudited</u>	6 months ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31 Mar 1999 UK£000s <u>Unaudited</u>	6 months ended 31 Mar 1999 UK£000s <u>Unaudited</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(6,363)</u>	<u>(10,181)</u>	<u>(4,380)</u>	<u>(10,743)</u>	<u>83</u>	<u>(96)</u>
<b>Returns on investments and servicing of finance</b>						
Interest received	326	522	40	366	3	8
Interest paid	<u>(18)</u>	<u>(29)</u>	<u>(9)</u>	<u>(27)</u>	<u>(1)</u>	<u>(1)</u>
	308	493	31	339	2	7
<b>Taxation</b>						
Corporation tax paid	=	=	<u>(1)</u>	<u>(1)</u>	=	=
<b>Capital expenditure and financial investment</b>						
Payments to acquire tangible fixed assets	<u>(2,954)</u>	<u>(4,726)</u>	<u>(1,155)</u>	<u>(4,109)</u>	<u>(6)</u>	<u>(9)</u>
<b>Net cash (outflow)/inflow before financing</b>	(9,009)	(14,414)	(5,505)	(14,514)	79	(98)
Issue of share capital	<u>137,817</u>	<u>220,507</u>	<u>3,603</u>	<u>141,420</u>	=	=
Increase/(decrease) in cash	<u>128,808</u>	<u>206,093</u>	<u>(1,902)</u>	<u>126,906</u>	<u>79</u>	<u>(98)</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH</b>						
Movement in net cash	128,808	206,093	(1,902)	126,906	79	(98)
Net cash at beginning of the period	<u>2,347</u>	<u>3,755</u>	<u>4,249</u>	<u>4,249</u>	<u>191</u>	<u>368</u>
<b>Net cash at end of the period</b>	<u>131,155</u>	<u>209,848</u>	<u>2,347</u>	<u>131,155</u>	<u>270</u>	<u>270</u>

\*Translated solely for the convenience of the reader at the rate of \$1.6000 = £1

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## NOTES TO INTERIM STATEMENTS

### 1. Basis of reporting

The interim financial statements have been prepared on the basis of the accounting policies set out in the group's statutory accounts for the period ending 30 September 1999.

### 2. Additional Information

	Quarter ended <u>31 Mar 2000</u>	Quarter ended <u>31 Dec 1999</u>	Quarter ended <u>30 Sep 1999</u>	Quarter ended <u>30 Jun 1999</u>	Quarter ended <u>31 Mar 1999</u>
Number of items sold in period	75,541	39,683	14,569	5,798	3,082
Number of registered subscribers at period end	1,385,042	571,687	364,750	188,710	90,074
Number of customers at period end	65,387	28,687	10,189	4,070	1,662
Number of suppliers at period end	2,466	1,102	548	320	223

An item sold is an individually priced product or service purchased by a customer.

Registered subscribers are defined as users of the lastminute.com web site who have submitted their email addresses and other data and have elected to receive lastminute.com's weekly email. This does not include users who register with the company, but elect not to receive its weekly emails. Since lastminute.com counts its registered subscribers based on their email addresses, users who register multiple times using different e-mail addresses will count as multiple registered subscribers. For example, if a user has registered with lastminute.com using an email address at work and one at home, the user will be counted as two registered subscribers.

The number of customers is the cumulative number of customers since the inception of lastminute.com.

The number of suppliers includes individual airlines, hotels, holiday package suppliers, entertainment vendors, gift suppliers, restaurants and speciality service suppliers.

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## Turnover And Segmental Analysis

Total transaction value and turnover, all of which are derived from continuing operations, analysed by class of business are as follows:

	Quarter ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31 Mar 2000 US\$000s* <u>Unaudited</u>	Quarter ended 31 Dec 1999 UK£000s <u>Audited</u>	6 months ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31 Mar 1999 UK£000s <u>Unaudited</u>	6 months ended 31 Mar 1999 UK£000s <u>Unaudited</u>
<b>TOTAL TRANSACTION VALUE</b>						
<i><b>By class of business</b></i>						
Travel	6,283	10,053	3,490	9,773	234	255
Leisure	489	782	315	804	23	25
Gifts	295	472	350	645	18	19
Auction	95	152	100	195	-	1
Other	-	-	-	-	-	-
	<u>7,162</u>	<u>11,459</u>	<u>4,255</u>	<u>11,417</u>	<u>275</u>	<u>300</u>
<i><b>By geographical area</b></i>						
United Kingdom	6,562	10,499	4,093	10,655	275	300
Other European Union countries	<u>600</u>	<u>960</u>	<u>162</u>	<u>762</u>	-	-
	<u>7,162</u>	<u>11,459</u>	<u>4,255</u>	<u>11,417</u>	<u>275</u>	<u>300</u>
<b>TURNOVER</b>						
<i><b>By class of business</b></i>						
Travel	514	822	260	774	22	24
Leisure	142	227	66	208	1	1
Gifts	55	88	68	123	2	2
Auction	13	21	15	28	-	-
Other	<u>110</u>	<u>176</u>	-	<u>110</u>	-	-
	<u>834</u>	<u>1,334</u>	<u>409</u>	<u>1,243</u>	<u>25</u>	<u>27</u>
<i><b>By geographical area</b></i>						
United Kingdom	754	1,206	384	1,138	25	27
Other European Union countries	<u>80</u>	<u>128</u>	<u>25</u>	<u>105</u>	-	-
	<u>834</u>	<u>1,334</u>	<u>409</u>	<u>1,243</u>	<u>25</u>	<u>27</u>

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Non-cash share based compensation and provision for National Insurance Contributions can be analysed as follows:

	Quarter ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31Mar 2000 US\$000s* <u>Unaudited</u>	Quarter ended 31 Dec 1999 UK£000s <u>Audited</u>	6 months ended 31 Mar 2000 UK£000s <u>Unaudited</u>	Quarter ended 31 Mar 1999 UK£000s <u>Unaudited</u>	6 months ended 31 Mar 1999 UK£000s <u>Unaudited</u>
<b>Non-cash share-based compensation</b>						
Product development	1,153	1,845	130	1,283	12	14
Sales and marketing	321	514	178	499	3	5
General and administration	<u>380</u>	<u>608</u>	<u>232</u>	<u>612</u>	<u>3</u>	<u>5</u>
	<u>1,854</u>	<u>2,967</u>	<u>540</u>	<u>2,394</u>	<u>18</u>	<u>24</u>
<b>National Insurance provision</b>						
Product development	575	920	115	690	-	-
Sales and marketing	161	258	158	319	-	-
General and administration	<u>189</u>	<u>302</u>	<u>206</u>	<u>395</u>	-	-
	<u>925</u>	<u>1,480</u>	<u>479</u>	<u>1,404</u>	=	=

### 3. Differences Between United Kingdom and United States Generally Accepted Accounting Principles

The financial results are prepared in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP") which differ in certain respects from those generally accepted in the United States ("US GAAP"). The significant differences as they apply to lastminute.com are summarised below:

#### *Share Options*

Share based compensation represents the difference between the exercise price of share options granted and the fair value of the underlying ordinary shares at the date of grant. Under UK GAAP, the difference is taken to the profit and loss account as an expense over the period in which the options vest, typically three years. Under US GAAP, lastminute.com has elected to follow the intrinsic value method in accounting for share based compensation. The difference between UK GAAP and US GAAP in accounting for share based compensation is insignificant.

#### *National Insurance*

Under UK GAAP, the Company provides for employer National Insurance contributions at a rate of 12.2% on the difference between the period-end share value and the grant price, being the Company's best estimate of the ultimate liability at each period end. Under US GAAP, provision would be made for the estimated liability over the vesting period of the options.

#### *Convertible Unsecured Loan*

Under UK GAAP, conversion of a bridge loan into equity shares at a discount to the fair market value of the shares at the time of conversion would not result in a charge to the profit and loss account in respect of the discount. Under US GAAP, the discount would be expensed over the period to the earliest conversion date.

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The effect of differences between UK GAAP and US GAAP on the losses for the periods and shareholders' funds is shown in the following reconciliation.

### PROFIT AND LOSS ACCOUNTS

	Quarter ended 31 Mar 2000 UK£000s Unaudited	Quarter ended 31 Mar 2000 US\$000s Unaudited	Quarter ended 31 Dec 1999 UK£000s Unaudited	6 months ended 31 Mar 2000 UK£000s Unaudited	Quarter ended 31 Mar 1999 UK£000s Unaudited	6 months ended 31 Mar 1999 UK£000s Unaudited
Loss for period as reported under UK GAAP	(11,002)	(17,603)	(6,004)	(17,006)	(290)	(484)
National Insurance provision	845	1,352	15	860	-	-
Loss for period as reported under US GAAP	<u>(10,157)</u>	<u>(16,251)</u>	<u>(5,989)</u>	<u>(16,146)</u>	<u>(290)</u>	<u>(484)</u>
Loss per ordinary share	(17.84)p	\$(0.29)	(17.02)p	(35.10)p	(0.88p)	(1.47)p
Loss per ADS	(89.19)p	\$(1.42)	(85.09)p	(175.48p)	(4.42)p	(7.37)p

Each ADS represents 5 ordinary shares

\*Translated solely for the convenience of the reader at the rate of \$1.6000 = £1

### SHAREHOLDERS' FUNDS

	At 31 Mar, 2000 UK£000s <u>Unaudited</u>	At 31 Mar, 2000 US\$£000s* <u>Unaudited</u>	At 30 Sep, 1999 UK£000s <u>Audited</u>	At 31 Mar, 1999 UK£000s <u>Unaudited</u>
<b>Shareholders' funds as reported under UK GAAP</b>	130,971	209,554	2,563	(197)
Discount on convertible loan	(167)	(267)	(167)	(167)
Provision for liabilities and charges – National Insurance	<u>1,022</u>	<u>1,635</u>	<u>178</u>	-
<b>Shareholders' funds as reported under US GAAP</b>	131,826	210,922	2,574	(364)

\*Translated solely for the convenience of the reader at the rate of \$1.6000 = £1