

lastminute.com

NEWS RELEASE

For Immediate Release

23 November 2001

PRELIMINARY RESULTS ANNOUNCEMENT

DELIVERS RECORD FOURTH QUARTER RESULTS

lastminute.com today announces strong fourth quarter results completing an encouraging full year. lastminute.com remains on track to reach operating profit in the UK and France in around two quarters time:

- **Total transaction value grows by 3.6 times year on year to £124.2 million (2000: £34.2 million) and 60% quarter on quarter to £46.9 million**
- **Gross margin up 5.2 times year on year to £17.2 million**
- **EBITDA loss reduced by 46.4% Quarter 4 over Quarter 1 2001**
- **Loss (before goodwill amortisation) down 20.5% quarter on quarter to £7.4 million**
- **Operating cash outflow reduced to £6.8m for Quarter 4 2001, a reduction of 59.4% over Quarter 4 2000. Operating cash outflow reduces by 20% quarter on quarter**
- **Customer conversion rate up from 12.4% to 13.9% quarter on quarter**
- **On track to deliver breakeven at an operational level in the UK and France in approximately six months time**

Allan Leighton, Chairman said:

“lastminute.com has delivered strong fourth quarter results completing an encouraging year as a whole. We continue to produce improvement on all metrics and have built a substantial business base. These results also demonstrate that our business model is as robust in times of economic slow-down as in economic growth, and we remain on track to deliver operating profitability in the UK and France in approximately two quarters time.”

Brent Hoberman, Chief Executive, added:

“We are continuing to focus on the fundamentals of our business – depth and range of value products and services; quality of customer and supplier service; speed, user friendliness and personalisation of our site and leveraging our brand. At the end of our second full year of trading we have moved that much closer to our vision of creating a utility that customers use on a regular repeat basis for last minute inspiration and solutions.”

lastminute.com plc
Fourth Quarter and Preliminary Results

Financial Highlights (£'000s)

<u>Quarter on quarter</u>	Quarter ended 30 Sept 2001	Restated³ Quarter ended 30 June 2001	Growth
Total transaction value (departure based) ¹	£ 46,878	£ 29,294	1.6 x
Total Group turnover (incl share of joint ventures)	£ 7,007	£ 4,413	1.6 x
Gross profit	£ 6,445	£ 4,129	1.6 x
Gross margin	13.7%	14.1%	Down 0.4 percentage points
Registered subscribers at quarter end	4,208,484	3,514,027	19.8%
Customers since inception ²	536,446	410,561	30.7%
Number of items sold	251,522	205,138	22.6%
Loss (excl. goodwill amortisation)	£ (7,381)	£ (9,288)	20.5%
Operating cash outflow	£ (6,848)	£ (8,562)	20.0%
Cash balance at quarter end	£ 46,617	£ 53,298	-12.5%
EBITDA	£ (5,721)	£ (7,776)	26.4%
<u>Year on year</u>	Year ended 30 Sept 2001	Restated³ Year ended 30 Sept 2000	Growth
Total transaction value (departure based) ¹	£ 124,210	£ 34,189	3.6 x
Total Group turnover (incl share of joint ventures)	£ 18,416	£ 3,740	4.9 x
Gross profit	£ 17,204	£ 3,339	5.2 x
Gross margin	13.9%	9.8%	Up 4.1 percentage points
Registered subscribers at year end	4,208,484	2,850,678	1.5 x
Customers since inception ²	536,446	156,196	3.4 x
Number of items sold	806,155	312,912	2.6 x
Loss (excl. goodwill amortisation)	£ (39,086)	£ (35,790)	-9.2%
EBITDA	£ (33,590)	£ (38,134)	11.9%

¹ TTV does not represent the Group's statutory turnover and comprises amounts relating to the Group and its share of joint ventures.

² Only includes Degriktour's unique customers since 1 October 2000.

³ See Note 4 to the preliminary announcement, Prior Year Adjustment.

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Notes to Editors:

About lastminute.com

Based on the idea of matching supply and demand, lastminute.com offers consumers last minute opportunities to acquire airline tickets, hotel rooms, package holidays, entertainment tickets, restaurant reservations and delivery, speciality services, gifts and auctions in the United Kingdom, France, Germany, Italy, Sweden, Spain, The Netherlands, Australia and South Africa. In September 2000, lastminute.com acquired the Degriktour Group, one of France's leading e-travel groups. At 30 September 2001, lastminute.com had established approximately 9,300 supplier relationships, with companies such as Lufthansa, BMI British Midland International, United Airlines, Virgin Atlantic Airways, Starwood Hotels and Resorts Worldwide, Kempinski Hotels, English National Ballet, The Royal Albert Hall, Conran Restaurants and SFX.

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CHAIRMAN'S STATEMENT

Over the past year the business has made tremendous progress in all the operating metrics, against a changing economic environment. Cash burn and costs have been driven down while we still maintain the technology investments essential for continuing success in the sector. Progress this year has accelerated performance towards delivering our original vision to become a utility for our customers, providing inspiration and solutions at the last minute.

Business performance

Departure based total transaction value (TTV) has grown from £34.2 million last year to £124.2 million for the year to 30 September 2001, an increase of 3.6 times. The final quarter, the most important for the key travel sector, saw a record performance for TTV of £46.9 million (Q4 2000: £13.2 million), an increase of 60.0% over the third quarter of this year and 3.6 times the equivalent period last year. Statutory turnover and gross profit have also shown even stronger growth trends as we have succeeded in improving our margin performance.

Underlying fixed costs have reduced on a quarterly basis throughout the year. Cash burn has slowed dramatically as we have streamlined our operational costs across the Group, reduced our marketing spend and significantly reduced our customer acquisition costs, especially in the UK.

Overall, the Group has had a good final quarter and year as a whole and builds on the strong foundations established since our launch.

Brand development

Three years from inception the lastminute.com brand continues to exhibit substantial growth. The number of subscribers receiving our weekly newsletter has increased by 1.4 million over the year to total 4.2 million at September 2001. The new technology platform has increased our connectivity and supplier base ensuring that customers find a more reliable service when they come to the sites in all markets. Customers are now able to personalise their own lastminute.com homepages to allow us to offer them the products and services that they require. This further enhances lastminute.com's stated aim to offer the right product at the right time on the right device.

During the year work continued on the development of the brand across a number of markets. lastminute.com has received extremely positive ratings in its European markets from independent research companies over the year. In June 2001, Jupiter MMXI reported that the Group was the only company to appear in the top ten most visited travel sites in the UK, France, Germany, Sweden, Italy and Spain. In September 2001 the same agency rated lastminute.com the number one pan-European travel property in Europe. lastminute.com has held the position as the UK's number one travel site since research started in October 1999, with the highest reach of visitors in September 2001. In the same month another research agency, NetValue, ranked lastminute.com as the most popular travel site in the UK.

Integration of Degriftour

The acquisition of Degriftour was announced at the end of the previous financial year. During the intervening period lastminute.com France and Degriftour have successfully merged into a single operating unit based in Cergy, just outside Paris. Following the integration of the two businesses, a new Managing Director, Denis Philipon, formerly Managing Director of lastminute.com France has been appointed. The expectations from the original joint business plan have been delivered. We now anticipate additional cost and revenue synergies will continue to be achieved as we move forward into the new financial year.

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Board

I would like to take this opportunity to thank Pieter Bouw and Tom Teichman, who departed from the Board earlier in the year, for their contributions to the development of the Company.

Pierre Alzon, one of the original founders of Degriktour, has also stepped down from the Board after completing the successful integration of the French businesses. I would like to thank Pierre for his enthusiasm and commitment.

David Howell joined the Board as an Executive Director and Chief Financial Officer in July 2001. David joins from First Choice Holidays plc where he was Group Finance Director from 1997 to 2001. He is a welcome addition to our Board and brings significant business experience with him.

Outlook

The travel industry has clearly suffered following the tragic events of September 11. However lastminute.com, because of the breadth of its product range, has bucked that trend and TTV for the Group has continued in line with the Board's expectations for the new financial year.

Overall, we are confident of another year of sustained and improving performance building towards profitability and positive cash flow. We remain on track to deliver operational profit in our UK and French businesses in approximately two quarters time.

Finally we would like to thank all the lastminute.com staff for the tremendous dedication and enthusiasm they show towards our business. Without their focus we would not achieve the growth that is so essential to the achievement of our long-term goals.

Allan Leighton
Chairman
23 November 2001

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OPERATIONAL REVIEW

In the second full year of trading the Group has moved that much closer to our vision of creating a utility that customers use on a daily basis for last minute inspiration and solutions. In particular we have focused on traditional retail metrics - converting more of our European subscriber base to customers. This growth has been achieved by further deepening the relationships with our customers and suppliers, adding new functionality to the site and consolidating our position in the core markets.

Business performance

The year to 30 September 2001 saw a substantial increase in the overall level of transactions conducted across the businesses. Total transaction value (TTV) grew to £124.2 million for the year (2000: £34.2 million), an increase of 3.6 times. TTV has continued to grow significantly in all of the lastminute.com sites with record levels of activity achieved in the final Quarter of the year in all countries.

The fourth Quarter of the financial year is the most important time for the travel element of the business with a large number of pre-packaged holiday bookings as well as increased flight and hotel transactions. Quarter 4 TTV totalled £46.9 million (Q4 2000: £13.2 million, Q3 2001: £29.3 million), an increase of 3.6 times over last year and 60.0% up on the third Quarter of 2001.

The overall number of subscribers to the weekly newsletter has increased by 1.3 million to 4.2 million (2000: 2.9 million) at the end of the year. The total number of customers purchasing increased by 380,250 during the year to 536,446. Those 380,250 customers purchased 806,155 items during the year. Overall conversion of email subscribers to customers improved from 5.5% to 13.9%, demonstrating significant growth over the year.

Across the Group's sites the average transaction value in Quarter 4 increased by £64.5 to £186.4 per item sold (2000 Q4: £121.9) and the gross profit improved by £13.3 per item to £25.6 (2000 Q4: £12.3), an increase of 108.1%. Each completed shopping basket now contains approximately 1.7 items. Gross profit margins in Quarter 4 have also improved by 3.6 percentage points to 13.7% from the level achieved in the same period last year (2000 Q4: 10.1 %).

Underlying total operating expenses reduced each Quarter during the year under review. In February 2001 we instituted a complete review of how to service customer queries and fulfilment more efficiently and at a lower cost. This resulted in a significant improvement in our customer service and fulfilment costs.

In our most mature market, the UK, we have reduced customer service costs from approximately 17% of TTV in January 2001 to an average 3% of TTV in the final Quarter of the year. This has been achieved by communicating better product and service information to customers in a variety of ways. The number of customer contacts per item sold has fallen from 3.5 per item sold in Quarter 1 to 1 contact per item in Quarter 4.

Operating cash outflow also showed major improvement every quarter with a 59.4 % reduction to £6.8 million in Quarter 4 compared with the peak operating cash outflow in Quarter 4 last year (2000 Q4: £16.9 million). At the end of the year the cash balance was £46.6 million.

Geographic analysis

lastminute.com UK, our first and home market, has achieved substantial growth in TTV during the year, selling £48.7 million (2000: £33.6 million) of goods and products, an increase of 44.9% compared with last year. Customer acquisition costs have fallen to £16.7 per customer in Quarter 4 compared to £33.0 in the same period of the previous year, a reduction of 49.4% year on year. The UK site shows the fastest trend towards delivery of the original vision. Its sustained growth shows that the business model is performing well.

The integration of lastminute.com France and Degriftour progressed to plan. Since the acquisition was completed on 30 September 2000 we have undertaken various strategic measures and restructuring initiatives to ensure the continued success of both businesses in France. The brands are advertised together in the French market, suppliers have been approached jointly and we are beginning to integrate the two websites. Combined, the two websites are still the number one travel site in France according to figures released by independent research agency Jupiter MMXI.

The Group has continued to expand its presence outside the UK through a mix of strategic investments and joint ventures. Whilst we continue to focus activity and resources on the core countries of UK, France and Germany, good results have also been achieved in Italy, Netherlands and Sweden using very limited resources. We continue to operate locally in those markets where it is more appropriate to provide a domestic rather than global solution to customers' technological needs. France provides some of the technology solutions for our European businesses outside the UK from a French based technical team. In all our markets we have developed strong management teams to ensure the development of the lastminute.com brand and vision internationally.

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In September 2001 we announced the creation of a Spanish joint venture with Sol Melia S.A., the 10th largest hotelier in the World. As part of this relationship we now have access across the Group to special rates for the Sol Melia hotel content. This increases the lastminute.com portfolio of joint ventures to three including Australia and South Africa.

Technology improvements

Improved technology has continued to make a major impact on the speed and user friendliness of the site during the year. The new technology platform went live in October 2000 and has delivered on its promises – the site is quicker, more stable and demonstrably supports scalability. Additionally we have introduced a number of new features to make the site more convenient for customers and therefore increase conversion. These benefits include search, personalisation and a new look and feel in all markets.

Performance

The sites in all markets are now nine times faster than the versions used when lastminute.com became a public company in March 2000 and have completely redesigned home pages with more efficient search capabilities. Customers now use an improved booking process that has been reduced from 7 steps to 4. We will continue to reduce the steps required to complete a purchase.

Search

During the year search facilities on the site were greatly enhanced, enabling customers to more easily find the right product for them. The key word search box at the top of the homepage allows site visitors to find specific products quickly and the introduction of a geospatial search means customers can trawl all categories to find products which are nearest to a selected location, landmark or postcode. An extension of this facility is the ability to view a map of a chosen area and browse which special last minute deals are available in that location - “deals around you”.

User Interface

Customer feedback is vital to the continuing success of the Group. We are constantly evolving the site to make it simple for customers to buy with greater speed and efficiency. As a result of comments solicited from our users we have redesigned the lastminute.com user interface. It now shows substantial improvements to enhance the customer experience including greater product visibility, more targeted offers and promotes cross selling on the web site.

Personalisation

Registered customers have the facility to customise their personal homepage (“mylastminute.com”) using technology that stores personal preferences and prompts the display of products and services that are relevant to an individual’s needs and lifestyle. In October 2001 the alliance announced with Microsoft for .NET Windows XP enables lastminute.com to target customers with specific alerts. lastminute.com is the first of Microsoft’s European partners to put this technology into practice.

The e.piphany platform was used for the first time during the year, enabling us to run targeted email campaigns. We have seen that these tailored messages have given us click through rates of up to 30% higher than those achieved on non-targeted messages. This marks an important step in a three-part process we are utilising to better understand our customer’s behaviour by analysing their visiting and buying habits. These web-based analytics will ensure that we become far more focused to addressing the spending patterns of our customers.

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New Platforms

We are continuing to innovate in technology particularly around new platforms such as voice recognition, mobile and IDTV. Our cross platform strategy of reaching customers on the device of their choice through partnerships using mobile technology (WAP and SMS), Interactive Digital Television (IDTV), PDAs and voice is proving very successful in maintaining lastminute.com's position as a leader in technology innovation.

A pioneering voice recognition project was implemented in December 2000 in conjunction with a specially produced gifts catalogue. This extended lastminute.com's addressable market by giving customers without access to the internet the opportunity to access a range of lastminute.com gift products by making a local call and speaking their preferences as listed in the catalogue. From a strategic perspective it complemented lastminute.com's multi-platform delivery model.

Another benefit to our hotel and restaurant suppliers in the UK was the introduction in August 2001 of what is believed to be the world's first voice extranet to manage inventories and hotel room bookings and restaurant reservations. The project uses interactive voice response (IVR) technology to provide more efficient and automated booking facilities between hotel managers, restaurants and lastminute.com. The process has led to reduced costs and improved margins within our hotels and restaurants categories.

Product focus

Another important factor in increasing the usefulness of the site has been the continued expansion of our product range in all categories. Over the last twelve months we have both deepened relationships with existing suppliers and also added key new suppliers to our offering. We are able to help suppliers with a whole toolkit of options for selling product at the last minute - through the push of our email or special merchandising promotions, through our search functionality and through auctions. All of these mechanisms allow suppliers to get the best possible yield for their products. As our position in Europe has consolidated our supplier relationships have become more meaningful and have delivered unbeatable deals to the customer.

In every category we have built exclusive value products that drive customers online to make a purchase. Pre-packaged holiday product has been one of the fastest areas of growth and we now have relationships with a number of the major tour operators in Europe, including Club Med and Thomas Cook, as well as a host of small and medium sized operators that provide more exclusive city break and holiday products.

Within our hotels category we have built a market leadership position, particularly in London, where we regularly offer five star hotels at three star prices. To illustrate this we recently announced the success of a campaign with the Millennium & Copthorne hotel group where, over a month, we sold in excess of 4,000 room nights across the UK. We are able to leverage our hotels database across all our sites meaning that we can share suppliers and product and thereby offer customers deals, which would be much harder to find offline. Over the year we announced new hotel relationships with Accor, Sol Melia and The Savoy Group. Airline relationships have also been extended and improved as new relationships have been announced with Alitalia, Lufthansa and Air France.

Within leisure we have been improving the customer experience across all sections - music, sport, theatre and comedy. For example, we have introduced a range of product from the large UK music promoter, Wayahead, to the UK site as well as building a profitable partnership with Formula One racing in Germany. We have also had availability for "hot ticket" stadium shows and concerts that have been extremely popular and driven potential customers to the site. Examples include Madonna, U2 and Robbie Williams that are also promoted across our European businesses.

lastminute.com's scalable technical architecture ensures that we are able to roll out new features and supply categories faster and more easily. This enhances lastminute.com's customer proposition. In July 2001 we announced the acquisition of Urbanbite.com. This has formed an integral part of the new "Staying In" category, which features innovative food and in-home entertainment delivery options as well as supporting our popular Restaurant bookings service. The sub categories listed on the homepage make it easier for visitors to find inspiration for all possible leisure activities available at the last minute.

Finally, the gifts offering has been revamped and with new merchandising, product information and supplier relationships, we are expecting to see similar growth this Christmas as last Christmas. One of the best products within the gifts section has been "Experiences" where customers can buy a voucher to use or send as a present for activities such as rally driving, hand-gliding and bungee jumping.

In aiming to give customers both inspiration and solutions at the last minute, we will continue to focus on expanding our product range within these categories. We will continue to deliver exclusive and special value products for our customers whilst also offering them the ability to search other linked databases for available product.

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Whilst our successful partnerships with our suppliers are one of the cornerstones of our business, we have also worked hard to improve our operational relationships. We now upload certain key suppliers products automatically into our database allowing them to confirm orders with our voice recognition platform.

Marketing initiatives

Throughout the year we have continued to aggressively build our brand awareness and understanding through three main mechanisms: online, offline and email marketing. As part of our growth strategy we have been able to leverage our brand awareness to build many new partnerships with complementary international brands.

Since the inception of the lastminute.com website we have built strong online partnerships. We recently signed an agreement with Yahoo! UK & Ireland where we provide online content to yahoo.co.uk as well as being an optional feature on Yahoo! users' personal homepages. When users select these offers they are directed to the lastminute.com booking service to complete their transactions.

The joint announcement with Granada Broadband in July 2001 of four new leisure sites for Liverpool FC.tv, ITV-F1, ITV-Football and Arsenal FC brings a selection of lastminute.com deals to a target market of visitors to these Granada Broadband sites that constitute one of the largest online sports categories in the UK.

In September 2001 we announced that lastminute.com had become the travel supplier for France's largest e-commerce site for leisure and cultural goods, Fnac.com. This relationship was launched in France in October 2001. We also implemented new deals with Yahoo.fr and Wanadoo.fr.

The lastminute.com weekly newsletter is multi-functional. It acts as a vehicle to drive sales, bring traffic to the website, a platform for advertising and an opportunity for us to communicate with our customers. It has been greatly enhanced over the past year to reflect the site developments and broader product range. Using new technology we are able to tailor the content to the subscriber thereby making the newsletter increasingly relevant to the individual and an important tool to help them find the products most suited to their lifestyles. The success of the weekly newsletter regularly demonstrated by the higher than average open rates and click throughs we achieve.

In the UK our advertising spend has reduced by 62.1% year on year. Overall the Group sales and marketing spend has reduced during each and every quarter of the year, even after taking account of the development of the new International markets. Quarter 4 sales and marketing costs have reduced by 16.6% compared with Quarter 1 2001.

We have found that online viral marketing campaigns have great impact in building awareness of the lastminute.com brand to a highly relevant market with minimal cost. The www.officeflirttest.com survey that was launched to coincide with Valentine's Day 2001 received 0.5 million-page impressions in its first week and brought more hits back to Valentine Offers on the site than links on the homepage and newsletter combined.

We have used offline marketing tactically and cost effectively. We have an ongoing relationship with BAA plc that started in April 2000 and continues to promote the lastminute.com brand via promotional materials on display in the UK's major airports. In the lead up to Christmas 2000 we undertook a campaign to support our Christmas offers. 500,000 in-house designed Christmas gift catalogues were distributed in London via the Guardian and The Daily Mail with posters in the London Underground. Between June and November 2000 a co-branded promotion with Nestle resulted in 50 million Nestle chocolate products being distributed in Europe. In July 2001 we announced a joint promotion with Orangina that runs to December 2001 and appears on 9 million cans and bottles on sale throughout the UK.

As a result of these initiatives, combined with a substantially improved product offering, lastminute.com has received extremely positive ratings in its European markets from independent research companies over the year.

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Plans for the New Financial Year

Over the coming year we will focus our efforts on reinforcing our technology leadership in European e-commerce by developing even better solutions to present the right offer to the right customer on the right device. We will continue to expand our product depth by linking into more suppliers directly and we expect to build significant relationships with several more package tour operators to enable our customers to find even more products at the last minute.

We plan to make greater improvements to our flight booking engines and enable dynamic packaging across our unique range of products. By the middle of next year we also plan to expand our investments in voice recognition to enable our customers to book products by talking to our database via a fixed or mobile telephone.

We will also make more progress on unifying our technology platforms so that all sites run on a single system, enabling us to further reduce technology spend and achieve a greater return on our investments.

Outlook

Following another year of exceeding expectations, we continue on track to deliver operational profitability in our UK and French businesses in approximately six months time. Trading for the new financial year has started in line with the Board's expectations and will show considerable growth over the year that has just ended. The business is well positioned for the longer term.

Brent Hoberman

Chief Executive Officer

Martha Lane Fox

Group Managing Director

23 November 2001

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FINANCIAL REVIEW

Following the issue of UITF abstract 31 – Exchanges of businesses or other non-monetary assets for an interest in a subsidiary, joint venture or associate, on 18 October 2001, lastminute.com plc has re-assessed the way in which it accounts for goodwill and the gain arising on the establishment of joint ventures. In light of this re-assessment, the accounts for the year to 30 September 2000 have been restated to reflect the current guidance. The effect of this change has given rise to a £226,000 prior year adjustment relating to the gain on the establishment of a joint venture and a £42,000 prior year adjustment in respect of the reversal of the amortisation of the negative goodwill that was credited in the prior year.

Total transaction value (TTV), turnover and gross profit

Departure based TTV of products and services sold through our website and other electronic platforms for the year ended 30 September 2001 was £124.2 million, representing an increase of over 3.6 times the TTV for the year ended 30 September 2000 (2000: £34.2 million).

Turnover for the year was £18.4 million, representing an increase of 4.9 times that for the previous year (2000: £3.7 million).

Total cost of sales for the year amounted to £1.2 million (2000: £0.4 million). The low level of cost of sales relative to TTV and turnover continues to reflect the low level of risk inventory carried by the Group.

Gross profit for the year was £17.2 million, an increase in excess of 5.2 times last year (2000: £3.3 million).

The consolidated profit and loss account and cash flow for the year includes, for the first time, the results of the Degriktour Group that was acquired on 30 September 2000.

TTV, turnover and gross profit all showed substantial increases during the year under review. These increases were achieved as a result of our international expansion, increased conversion of registered subscribers to customers, increased average spend per item sold as well as the expansion of products and services available to our customers.

During Quarter 1 2001 we launched operations in Spain, Italy and the Netherlands. Our South African joint venture commenced operations during Quarter 2. In September 2001 we announced the completion of our third joint venture in Spain with Sol Melia S.A. We are continuing our strategy of focusing on the core markets of the UK, France and Germany, whilst at the same time growing non-core satellite markets.

Gross profit mainly consists 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, during the year, we increased the income earned from sponsorship and advertisements placed on our websites.

Despite the external market for the sale of advertising becoming more competitive, we have been very successful in securing increased revenue from this source, thus contributing to improved margins during the year.

Our margins have grown from 9.8% last year to 13.9% for the year just ended. This increase not only reflects the success in raising our advertising and sponsorship revenues but also demonstrates the benefits accruing from the improved relationships and arrangements with suppliers brought about through scale and negotiation.

Operating Expenses

Product development costs

Total product development expenses for the year, before any charges for depreciation, were £7.8 million, a decrease from £10.0 million for the previous year. These expenses consist of the costs associated with maintaining our technology platform, personnel costs, web hosting fees, software license fees and other expenses associated with the ongoing operations of our website and associated electronic platforms. In addition, during the year, we capitalised £5.3 million of website development costs (2000: £6.5 million).

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Sales and marketing costs

Reflecting the greatly increased scale of the business, total sales and marketing expenses for the year, before any charges for depreciation, were £27.2 million, an increase from £20.7 million for last year, but fell as a proportion of TTV from 60.6% to 21.9% as we leveraged our fixed cost base across a wider income stream.

Sales and marketing costs, before depreciation, non cash share-based compensation and the provision for National Insurance, have fallen from a high of £7.2 million in Quarter 1 2001 to £6.0 million in Quarter 4 2001. This reduction reflects the commitment to continue to reduce costs in a positive and progressive way as we move forward towards profitability.

General and administration costs

Similarly, general and administration costs for the year, before any charges for depreciation, increased from £10.8 million in the year to 30 September 2000 to £15.8 million, falling as a percentage of TTV from 31.6% to 12.7%

Operating costs before depreciation and goodwill amortisation

The overall underlying trend for operating costs has shown a reduction each quarter throughout the year to 30 September 2001. This reduction again reflects management commitment to progressively reduce the overall cost base of the business as we move forward towards profitability.

EBITDA

The Group's operating loss before charging depreciation and goodwill amortisation fell from £38.1 million for the year ended 30 September 2000 to £33.6 million for the year ended 30 September 2001. The reduced loss reflects the increased scale of contribution from the Group's gross profit which has risen 5.2 times during the year, whilst the operating cost base (before depreciation and goodwill amortisation) has only risen by 1.2 times.

The reported loss before charging depreciation and goodwill amortisation shows a significant improvement during the course of the year, falling from a loss of £10.7 million in Quarter 1 2001 to a loss of £5.7 million in Quarter 4 2001, a reduction of 46.4% over the year.

Depreciation

Depreciation relates to the depreciation of computer systems, equipment and computer software. Charges have increased during the year reflecting the start of depreciation on the capital expenditure relating to our website platform, the development of which was completed in early October 2000 (2001: £8.7 million; 2000: £1.3 million).

Goodwill

During the year goodwill amortisation totalled £14.7 million in relation to the acquisition of the Degrifour Group and Urbanbite Limited. Goodwill is being amortised over a 4-year period from the date of acquisition.

Loss on ordinary activities before taxation

The loss on ordinary activities before taxation for the year was £53.7 million (2000: £35.8 million).

The loss for the year includes a share of the operating losses from the joint ventures operated in Australia, South Africa and, from 1 September 2001, Spain.

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Net cash balance and reduced cash burn rate

As at 30 September 2001 the net cash position of the Group stood at £46.6 million compared to £103.7 million as at 30 September 2000. The reduction in net cash is due to consideration paid in October 2000 totalling £21.4 million in respect of the acquisition of Degriftour and operating cash outflows generally. Cash is placed on deposit with AAA/AA rated credit institutions and earns competitive rates of interest.

During the year we have successfully reduced the cash outflow each quarter, such that by Quarter 4 2001, operating cash outflow was reduced to £6.8 million (Q4 2000: £16.9 million), a reduction of 59.4% over Quarter 4 2000.

Loss per share

The loss per share amount has been based on the weighted average number of ordinary shares in issue during the year.

David Howell
Chief Financial Officer
23 November 2001

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Consolidated profit and loss account for the year ended 30 September 2001

	Year ended 30-Sept 2001 £000 (Audited)	Restated Year Ended 30-Sept 2000 £000 (Audited)
Total transaction value ¹	124,210	34,189
TURNOVER		
Group and share of joint ventures	18,416	3,740
Less share of joint ventures	(47)	-
Group turnover	18,369	3,740
Cost of sales	1,165	401
Gross profit	17,204	3,339
Operating costs		
Product development	7,800	9,951
Sales and marketing	27,207	20,711
General and administration	15,787	10,811
Operating costs before depreciation and amortisation	50,794	41,473
EBITDA	(33,590)	(38,134)
Depreciation	8,744	1,317
Goodwill amortisation	14,660	-
Total operating costs	74,198	42,790
GROUP OPERATING LOSS	(56,994)	(39,451)
Share of operating loss in joint ventures	(196)	(75)
TOTAL OPERATING LOSS: GROUP AND SHARE OF JOINT VENTURES	(57,190)	(39,526)
Interest receivable	3,480	3,777
Interest payable and similar charges	(36)	(41)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(53,746)	(35,790)
Tax on loss on ordinary activities	158	-
LOSS FOR THE FINANCIAL YEAR AND TRANSFER FROM RESERVES	(53,588)	(35,790)
Loss per share - basic and diluted	(31.50)p	(36.39)p

¹ Total transaction value does not represent the Group's statutory turnover and comprises amounts relating to the Group and its share of joint ventures.

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Consolidated statement of total recognised gains and losses for the year ended 30 September 2001

	Year ended 30 Sept 2001 £000 (Audited)	Restated Year ended 30 Sept 2000 £000 (Audited)
Loss for the year excluding share of losses in joint ventures	(53,392)	(35,715)
Share of joint ventures' loss for the year	(196)	(75)
Gain arising on the establishment of joint ventures	202	226
Foreign currency translation difference	(414)	22
	<hr/>	<hr/>
Total recognised gains and losses for the year	(53,800)	(35,542)
Prior year adjustment	184	-
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	(53,616)	(35,542)
	<hr/>	<hr/>

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Balance sheet at 30 September

	Group 2001 £000 (Audited)	Restated Group 2000 £000 (Audited)
FIXED ASSETS		
Intangible assets	43,992	58,636
Tangible assets	13,656	13,972
Investments - Joint ventures - gross assets	455	230
gross liabilities	(78)	(23)
Total joint venture net assets	377	207
Total fixed assets	58,025	72,815
CURRENT ASSETS		
Stocks	40	52
Debtors	11,173	10,543
Cash at bank and in hand	46,617	103,688
	57,830	114,283
CREDITORS: amounts falling due within one year	26,400	38,363
NET CURRENT ASSETS	31,430	75,920
TOTAL ASSETS LESS CURRENT LIABILITIES	89,455	148,735
CREDITORS: amounts falling due after more than one year	-	6,031
PROVISIONS FOR LIABILITIES AND CHARGES	543	1,410
NET ASSETS	88,912	141,294
CAPITAL AND RESERVES		
Called up share capital	1,733	1,505
Share premium account	112,983	112,923
Shares to be issued	-	197
Profit and loss account	(94,080)	(40,280)
Merger reserve	61,892	61,746
Other reserves	6,384	5,203
TOTAL EQUITY SHAREHOLDERS' FUNDS	88,912	141,294

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Consolidated Statement of Cash Flows for the year ended 30 September 2001

	Year ended 30-Sept 2001 £000 (Audited)	Year ended 30-Sept 2000 £000 (Audited)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(31,079)	(34,652)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	3,480	3,777
Interest paid	(36)	(41)
Net returns on investments and servicing of finance	3,444	3,736
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(8,420)	(12,289)
Receipts from sale of tangible fixed assets	87	-
ACQUISITIONS		
Cash acquired with subsidiary	160	747
Payments to acquire subsidiary	(21,350)	-
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(57,158)	(42,458)
MANAGEMENT OF LIQUID RESOURCES		
Increase in short term deposits	(1,502)	(2,547)
FINANCING		
Issue of share capital	87	153,875
Costs associated with issue of share capital	-	(11,978)
(DECREASE)/INCREASE IN CASH	(58,573)	96,892
RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS		
	Year ended 30-Sept 2001 £000 (Audited)	Year Ended 30-Sept 2000 £000 (Audited)
MOVEMENT IN CASH	(58,573)	96,892
Cash outflow from short term deposits	1,502	2,547
	(57,071)	99,439
NET FUNDS AT THE BEGINNING OF THE YEAR	103,688	4,249
NET FUNDS AT THE END OF THE YEAR	46,617	103,688

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ADDITIONAL INFORMATION

	Quarter ended 30 Sept 2001 £000s (Unaudited)	Quarter ended 30 Jun 2001 £000s (Unaudited)	Quarter ended 31 Mar 2001 £000s (Unaudited)	Quarter ended 31 Dec 2000 £000s (Unaudited)	Quarter ended 30 Sept 2000 £000s (Unaudited)
Total transaction value (departure based)	46,878	29,294	27,805	20,233	13,187

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Quarter ended 30 Sept 2001 £000s (Unaudited)	Restated Quarter ended 30 Jun 2001 £000s (Unaudited)	Restated Quarter ended 31 Mar 2001 £000s (Unaudited)	Restated Quarter ended 31 Dec 2000 £000s (Unaudited)	Restated Quarter ended 30 Sept 2000 £000s (Unaudited)
Turnover					
Group and share of joint ventures	7,007	4,413	4,079	2,917	1,481
Less: share of joint ventures	(47)	-	-	-	-
Group turnover	6,960	4,413	4,079	2,917	1,481
Cost of sales	515	284	228	138	149
Gross profit	6,445	4,129	3,851	2,779	1,332
Operating costs					
Product development	2,239	1,371	1,915	2,155	2,396
Sales and marketing	6,007	6,482	7,165	7,205	6,020
General and administration	3,970	3,872	3,859	3,941	3,605
Non-cash share-based compensation	(54)	323	293	619	893
National Insurance provision	4	(143)	29	(458)	(988)
Operating costs before depreciation and amortisation	12,166	11,905	13,261	13,462	11,926
EBITDA	(5,721)	(7,776)	(9,410)	(10,683)	(10,594)
Depreciation	2,288	2,228	2,207	2,021	329
Goodwill amortisation	3,665	3,665	3,665	3,665	-
Operating loss	(11,674)	(13,669)	(15,282)	(16,369)	(10,923)
Share of operating loss in joint ventures	(56)	(42)	(29)	(69)	(75)
Total operating loss: group and share of joint ventures	(11,730)	(13,711)	(15,311)	(16,438)	(10,998)
Interest receivable	687	760	978	1,055	1,499
Interest payable and similar charges	(3)	(2)	(20)	(11)	(14)
Loss on ordinary activities before taxation	(11,046)	(12,953)	(14,353)	(15,394)	(9,513)
Tax on loss on ordinary activities	(234)	392	-	-	-
Loss on ordinary activities after taxation	(11,280)	(12,561)	(14,353)	(15,394)	(9,513)
Loss per share -					
Basic and diluted	(6.52)p	(7.32)p	(8.42)p	(9.31)p	(6.33)p
Weighted number of Ordinary Shares outstanding	173, 137, 039	171, 684, 506	170, 462, 722	165, 349, 548	150, 395, 063

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Consolidated Balance Sheets

	Quarter ended 30 Sept 2001 £000s (Audited)	Restated Quarter ended 30 Jun 2001 £000s (Unaudited)	Restated Quarter ended 31 Mar 2001 £000s (Unaudited)	Restated Quarter ended 31 Dec 2000 £000s (Unaudited)	Restated Quarter ended 30 Sept 2000 £000s (Audited)
FIXED ASSETS					
Intangible assets	43,992	47,642	51,306	54,971	58,636
Tangible assets	13,656	14,816	15,216	15,040	13,972
Investments – joint ventures					
– gross assets	455	359	412	465	230
– gross liabilities	(78)	(42)	(62)	(68)	(23)
Total joint venture net assets	377	317	350	397	207
Total fixed assets	<u>58,025</u>	<u>62,775</u>	<u>66,872</u>	<u>70,408</u>	<u>72,815</u>
CURRENT ASSETS					
Stock	40	102	133	115	52
Debtors	11,173	13,892	14,279	10,771	10,543
Cash at bank and in hand	46,617	53,298	61,801	70,928	103,688
	<u>57,830</u>	<u>67,292</u>	<u>76,213</u>	<u>81,814</u>	<u>114,283</u>
CREDITORS: amounts falling due within one year	26,400	28,595	29,372	24,585	38,363
NET CURRENT ASSETS	<u>31,430</u>	<u>38,697</u>	<u>46,841</u>	<u>57,229</u>	<u>75,920</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>89,455</u>	<u>101,472</u>	<u>113,713</u>	<u>127,637</u>	<u>148,735</u>
CREDITORS: amounts falling due after more than one year	-	149	149	135	6,031
PROVISIONS FOR LIABILITIES AND CHARGES	543	1,226	1,079	1,054	1,410
NET ASSETS	<u>88,912</u>	<u>100,097</u>	<u>112,485</u>	<u>126,448</u>	<u>141,294</u>
CAPITAL AND RESERVES					
Called up share capital	1,733	1,717	1,711	1,702	1,505
Share premium account	112,983	112,989	112,936	112,928	112,923
Shares to be issued	-	-	-	-	197
Profit and loss account	(94,080)	(82,793)	(70,023)	(55,750)	(40,280)
Merger reserve	61,892	61,746	61,746	61,746	61,746
Other reserves	6,384	6,438	6,115	5,822	5,203
TOTAL EQUITY SHAREHOLDERS' FUNDS	<u>88,912</u>	<u>100,097</u>	<u>112,485</u>	<u>126,448</u>	<u>141,294</u>

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Consolidated Statement of Cash Flows

	Quarter ended 30 Sept 2001 £000s (Unaudited)	Quarter ended 30 Jun 2001 £000s (Unaudited)	Quarter ended 31 Mar 2001 £000s (Unaudited)	Quarter ended 31 Dec 2000 £000s (Unaudited)	Quarter ended 30 Sept 2000 £000s (Unaudited)
NET CASHFLOW FROM OPERATING ACTIVITIES	(6,101)	(7,620)	(7,861)	(9,497)	(15,166)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received	687	760	978	1,055	1,549
Interest paid	(21)	(2)	(2)	(11)	(14)
Net returns on investments and servicing of finance	666	758	976	1,044	1,535
CAPTIAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets	(1,500)	(1,700)	(2,258)	(2,962)	(3,234)
Receipts from sale of tangible fixed assets	87	-	-	-	-
ACQUISITIONS					
Cash acquired with subsidiary	160	-	-	-	747
Payments to acquire subsidiary	-	-	-	(21,350)	-
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(6,688)	(8,562)	(9,143)	(32,765)	(16,118)
MANAGEMENT OF LIQUID RESOURCES					
Increase in short term deposits	(1,513)	-	-	11	(2,547)
FINANCING					
Issue of share capital	7	59	16	5	14,309
Costs associated with the issue of share capital	-	-	-	-	(11,978)
DECREASE IN CASH	(8,194)	(8,503)	(9,127)	(32,749)	(16,334)
RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS					
	Quarter ended 30 Sept 2001 £000s (Unaudited)	Quarter ended 30 Jun 2001 £000s (Unaudited)	Quarter ended 31 Mar 2001 £000s (Unaudited)	Quarter ended 31 Dec 2000 £000s (Unaudited)	Quarter ended 30 Sep 2000 £000s (Unaudited)
MOVEMENT IN CASH	(8,194)	(8,503)	(9,127)	(32,749)	(16,334)
Cash outflow from short term deposits	1,513	-	-	(11)	2,547
	(6,681)	(8,503)	(9,127)	(32,760)	(13,787)
NET FUNDS AT THE BEGINNING OF THE QUARTER	53,298	61,801	70,928	103,688	117,475
NET FUNDS AT THE END OF THE QUARTER	46,617	53,298	61,801	70,928	103,688

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Notes to the Preliminary Results

1. Basis of reporting

The preliminary financial results for the year ended 30 September 2001 have been prepared using accounting policies consistent with those set out in the financial statements for the year ended 30 September 2000. These results do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The figures for the year ended 30 September 2001 are audited. The figures for the year ended 30 September 2000 have been based on the Group's financial statements for the year ended 30 September 2000, which have been delivered to the Registrar of Companies and on which the auditors have issued an unqualified audit report.

2. Additional Information

	Quarter Ended 30 Sept 2001	Quarter ended 30 Jun 2001	Quarter ended 31 Mar 2001	Quarter ended 31 Dec 2000	Quarter ended 30 Sept 2000
Number of items sold in period	251,522	205,138	188,676	160,819	108,188
Number of registered subscribers at period end	4,208,484	3,514,027	3,136,077	2,860,736	2,850,678
Number of customers at period end	536,446	410,561	323,747	234,549	156,196
Number of suppliers at period end	9,286	8,524	9,147	9,200	9,221

3. Taxation

In the quarter ended 30 June 2001 a tax credit of £392,000 arose in one of our French subsidiaries. This amount was recognised on the basis that it would be offset against future tax payments or would be repayable after 5 years, whichever was the sooner. In the quarter ended 30 September 2001, the tax credit was reduced by £234,000.

4. Prior Year Adjustment

In light of the guidance provided in UITF abstract 31 – Exchanges of business or non-monetary assets for an interest in a subsidiary, joint venture or associate, the Group has reassessed the way it accounts for goodwill and the gain arising on establishment of joint ventures and has restated its prior year results accordingly. Further to this guidance the following treatments have been applied. During the year ended 30 September 2000, no costs were recognised in respect of the Australian joint venture, the only incorporated joint venture entity at that time, on the basis that the value of agreements entered into could not be reliably measured. The Group's share of the net assets of the joint venture on formation (which was principally cash contributed by the other venturer) have given rise to the equivalent amount of negative goodwill. For the year ended 30 September 2000 we commenced amortising this negative goodwill over a four-year period, giving rise to £42,000 of negative goodwill amortisation. In preparing the financial statements for the year ended 30 September 2001 we have calculated the gain arising as £226,000, in accordance with UITF abstract 31. £42,000 of this amount had previously been amortised through the profit and loss account during the year ended 30 September 2000.

For year ended 30 September 2001 we have treated £226,000 as a prior year adjustment and this amount has been included within 'gain on establishment of joint ventures'. In addition we have also made a prior year adjustment in respect of the £42,000 amount that was previously included within 'share of operating loss in joint venture'.

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5. TTV, turnover and segmental analysis

The Group is engaged in the provision of last minute travel, leisure and gift solutions to its customers via the Internet and other related electronic distribution platforms. The Group's TTV and turnover are all generated within this segment.

Geographical analysis:

	TTV (by destination and source)		Turnover (by destination and source)	
	Year ended 30 Sept 2001 £'000s	Year ended 30 Sept 2000 £'000s	Year ended 30 Sept 2001 £'000s	Year ended 30 Sept 2000 £'000s
By geographical area				
United Kingdom	48,723	33,614	6,899	3,085
Other European Union Countries	75,066	575	11,470	655
Joint Ventures	421	-	47	-
	124,210	34,189	18,416	3,740
	Net (loss) on ordinary Activities before taxation		Net assets/(liabilities)	
	Year ended 30 Sept 2001 £'000s	Restated Year ended 30 Sept 2000 £'000s	Year ended 30 Sept 2001 £'000s	Restated Year ended 30 Sept 2000 £'000s
By geographical area				
United Kingdom ¹	(29,720)	(29,937)	53,953	20,937
Other European Union countries ²	(27,274)	(9,514)	(12,035)	16,462
	(56,994)	(39,451)	41,918	37,999
Share of operating loss and net assets of joint ventures	(196)	(75)	377	207
Net interest receivable	3,444	3,736	-	-
Interest bearing assets	-	-	46,617	103,688
	(53,746)	(35,790)	88,912	141,294

¹ The UK losses for both 2000 and 2001 include central technical development and maintenance costs and the expenses related to the Group management functions, which are not apportioned across the Group's operating businesses

² Net loss on ordinary activities before taxation for 2001 includes £14,660,000 of goodwill amortisation (2000: nil.) Net assets include £43,992,000 of goodwill for 2001 (2000: £58,636,000).

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Definitions

Registered subscribers are 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, 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, net of value added tax and associated taxes. Order based total transaction value represents total transaction value calculated with reference to booking date rather than departure date, the latter being the basis for lastminute.com's stated accounting policy when accounting for total transaction value.

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. Turnover is recognised once charges to the customer's credit card have been made except for travel, which is recognised on the date of departure, and is stated exclusive of value added tax and associated taxes. Additional revenue streams (e.g. sponsorship) also contribute to turnover.

Gross margin is defined as gross profit over total transaction value.

Operating cash outflow is defined as net cash outflow before management of liquid resources, financing and acquisitions.

Conversion is defined as the **number of customers** over the number of **registered subscribers** (excluding those applicable to joint ventures).

The **number of customers** is the cumulative number of customers (excluding repeat customers) since the inception of lastminute.com and the cumulative number of Degriktour's customers (excluding repeat customers) since 1 October 2000. Customers are defined as individuals who have purchased goods and services over lastminute.com's and Degriktour's platforms.

An **item sold** is an individually priced product or service purchased by a customer within the period.

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

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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; speed of technological change, including introduction of new architecture for its web sites; 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; adverse changes in the services provided by lastminute.com’s suppliers; lastminute.com’s ability to attract and develop an adequate international supplier and customer base; potential adverse changes in its commission rates; the effects of increased competition; risks relating to operating in internet – based commerce in foreign markets; 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; a slow down in the continued growth of e-commerce and the internet; unforeseen events affecting the travel industry; and factors adversely affecting lastminute.com’s share price. 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 shareholder circular dated 8 September 2000, which has been filed with the Securities and Exchange Commission, USA and the Financial Services Authority, UK.