

**THIS DOCUMENT IS FOR INFORMATION ONLY. No voting or other action is required.**

Applications have been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading. It is expected that Admission will become effective, and that dealings will commence in New Ordinary Shares, on 28 August 2002.

A copy of this document, which comprises listing particulars relating to the company in accordance with the listing rules made under Section 74 of the Financial Services and Markets Act 2000, has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 83 of that Act. This document should not be distributed, forwarded or transmitted in, or into, the United States, Canada, Australia or Japan.

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# **lastminute.com plc**

## **Listing Particulars relating to the issue of up to 34,645,088 New Ordinary Shares in connection with the Acquisition of Travelprice.com S.A.**

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Cazenove & Co. Ltd are acting exclusively for lastminute.com plc and no one else in connection with the Acquisition and will not be responsible to anyone other than lastminute.com plc for providing the protections afforded to customers of Cazenove & Co. Ltd nor for providing advice in connection with the Acquisition.

The New Ordinary Shares have not been, nor will they be, registered under the US Securities Act of 1933, as amended (the "Securities Act"), or under any relevant securities laws of any state or territory or other jurisdiction of the United States or the relevant securities laws of Japan and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada. No prospectus has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission. Accordingly, the New Ordinary Shares are not being, and may not be offered, sold, resold, delivered or distributed directly or indirectly, in or into the United States, Canada, Australia or Japan (except pursuant to an exemption, if available, from any applicable registration requirements or otherwise in compliance with all applicable laws). Neither these Listing Particulars nor the associated documents in connection with the Acquisition are being, nor may they be, mailed or otherwise forwarded, distributed or sent in, into or from (whether by the use of the mails or any means or instrumentality including, without limitation, telephonically or electronically, of interstate or foreign commerce of, or any facilities of a national securities exchange of) the United States, Canada, Australia or Japan, and persons receiving such documents including custodians, nominees and trustees may not distribute or send them in or into such jurisdictions. Notwithstanding the foregoing, the New Ordinary Shares issued pursuant to the Acquisition are being issued in the United States by way of a private placement in accordance with Section 4(2) of the Securities Act and outside the United States in reliance on Regulation S under the Securities Act in transactions exempt from registration under the Securities Act.

**DIRECTORS AND ADVISERS**

*Directors*

Allan Leighton . . . . .	Chairman
Brent Hoberman . . . . .	Chief Executive Officer
Martha Lane Fox . . . . .	Group Managing Director
David Howell . . . . .	Chief Financial Officer
Vimal Khosla . . . . .	Director, Global Flights
Bob Collier . . . . .	Non-Executive Vice Chairman
Linda Fayne Levinson . . . . .	Non-Executive Director
Laurent Laffy . . . . .	Non-Executive Director
Brian Collie . . . . .	Non-Executive Director

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**Forward-looking statements**

This document contains certain forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995 regarding the financial condition, results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies or synergies, budgets, capital and other expenditures, competitive positions, growth opportunities, plans and objectives of management and other matters. Statements in this document that are not historical facts are hereby identified as “forward-looking statements” for the purpose of the safe harbour provided by Section 21E of the Exchange Act and Section 27A of the Securities Act. Such forward-looking statements, including, without limitation, those relating to the future business prospects, revenues, working capital, liquidity, capital needs, interest costs and income, in each case relating to any member of the lastminute.com Group, wherever they occur in this document, are necessarily based on assumptions reflecting the views of the lastminute.com Group and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Latest time for receipt of forms of proxy for the lastminute.com Extraordinary General Meeting . . . . .	10.00 a.m. on 25 August 2002
lastminute.com Extraordinary General Meeting . . . . .	10.00 a.m. on 27 August 2002
Expected Completion . . . . .	28 August 2002
Dealings in New Ordinary Shares expected to commence . . . . .	28 August 2002

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### DEFINITIONS

The following definitions are used throughout this document except where the context requires otherwise:

“Act”	the Companies Act 1985 (as amended)
“Acquisition”	the proposed acquisition of Travelprice.com by lastminute.com pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 21 July 2002, between lastminute.com and the existing Travelprice.com Shareholders in relation to the exchange of New Ordinary Shares for the issued share capital of Travelprice.com and additional shares to be issued upon the exercise of warrants in respect of Travelprice.com shares
“Admission”	admission to the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange of the New Ordinary Shares becoming effective by the decision of the UK Listing Authority to admit such shares to listing being announced in accordance with paragraph 7.1 of the Listing Rules and by the decision of the London Stock Exchange to admit such shares to trading being announced in accordance with the LSE Admission Standards
“Articles”	the articles of association of the Company
“Business Day”	any day on which leading banks in the London inter-banking sterling markets are open for business in the City of London
“Canada”	Canada, its provinces and territories and all areas subject to its jurisdiction and any political sub-division thereof
“Cazenove”	Cazenove & Co. Ltd
“certified” or “certificated form”	a share or other security, which is not in uncertificated form (that is not in CREST)
“CGT”	UK capital gains tax or UK corporation tax on chargeable gains, as the context may require
“Completion”	the completion of the Acquisition in accordance with the terms of the Acquisition Agreement
“Company”	lastminute.com plc
“CREST”	the relevant system (as defined in the Regulations) in respect of which CRESTCo. Limited is the Operator (as defined in the Regulations)
“CRESTCo”	CRESTCo Limited
“Daily Official List”	the Daily Official List of the London Stock Exchange
“Directors” or “Board”	the Directors of lastminute.com or a duly authorised committee thereof
“Extraordinary General Meeting”	the extraordinary general meeting of the Company which will be held at 12 Tokenhouse Yard, London EC2R 7AN at 10.00 a.m. on 27 August 2002
“Financial Services and Markets Act”	the Financial Services and Markets Act 2000
“Form of Proxy”	the form of proxy for use in connection with the Extraordinary General Meeting
“lastminute.com”	lastminute.com plc

“lastminute.com Group” or “Group”	lastminute.com, its subsidiaries and its subsidiary undertakings
“lastminute.com Shareholders”	holders of lastminute.com Ordinary Shares
“lastminute.com Share Option Schemes”	all the employee share option schemes of lastminute.com as detailed in paragraph 6, Part IV of this document
“Listing Rules”	the listing rules made by the UK Listing Authority under Section 74 of the Financial Services and Markets Act 2000
“London Stock Exchange”	the London Stock Exchange plc
“LSE Admission Standards”	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirement for, securities admitted to the Official List
“New Ordinary Shares” or “Consideration Shares”	new Ordinary Shares to be issued by the Company pursuant to the Acquisition Agreement
“Official List”	the list maintained by the UK Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000
“Ordinary Shares”	ordinary shares of 1p each in the capital of lastminute.com
“Regulations”	the Uncertificated Securities Regulations 2001
“Savings Related Scheme”	the lastminute.com plc Savings Related Share Option Scheme
“Travelprice.com”	Travelprice.com SA
“Travelprice.com Share”	ordinary shares in the capital of Travelprice.com
“Travelprice.com Shareholders”	holders of Travelprice.com Shares who will receive New Ordinary Shares in exchange for their Travelprice.com shares
“Travelprice.com Warrant Holders”	holders of outstanding warrants to subscribe for shares in Travelprice.com
“uncertificated” or “in uncertificated form”	a share or other security title to which is recorded on the relevant Operator register of securities as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority as the competent authority for listing in the United Kingdom under Part VI of the Financial Services and Markets Act 2000
“United States of America”, “US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdictions and has the meaning specified in Regulation S under the Securities Act
“U.S. Person”	has the meaning specified in Regulation S under the Securities Act

For the purpose of this document “subsidiary”, “subsidiary undertaking” and “parent undertaking” have the respective meanings given to them by the Act.

**GLOSSARY**

“Conversion”	the number of customers over the number of registered subscribers (excluding those applicable to joint ventures).
“Gross margin”	gross profit over total transaction value.
“Item sold”	is an individually priced product or service purchased by a customer within the period.
“Number of customers”	the cumulative number of unique customers (excluding repeat customers) since the inception of lastminute.com and the cumulative number of Degriftour, Travelselect and The Destination Group’s unique customers (excluding repeat customers) since October 2000, April 2002 and June 2002 respectively. Customers are defined as individuals who have purchased goods and services over lastminute.com’s and Degriftour’s platforms.
“Number of suppliers”	includes individual airlines, hotels, holiday package suppliers, entertainment vendors, gift suppliers, restaurants and specialty service suppliers.
“Operating cash outflow”	net cash outflow before management of liquid resources, financing and acquisitions.
“Registered subscribers”	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.
“TTV”	Total Transaction Value. In the majority of transactions lastminute.com acts as agent or cash collector, TTV represents the price at which products or services have been sold, net of value added tax and associated taxes. In cases where a flat fee is earned, irrespective of the value of products or services provided, total transaction value represents the flat fee 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.
“Turnover”	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.

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**PART I: GENERAL INFORMATION****1. Introduction**

On 22 July 2002, lastminute.com announced its intention to acquire Travelprice.com. The Acquisition values Travelprice.com at up to £31.9 million (approximately €49.6 million) on the basis of the closing middle market price of lastminute.com's Ordinary Shares on 19 July 2002, being the last practicable date before the announcement of the Acquisition.

The exchange of shares in Travelprice.com will be satisfied by the issue of up to 34,645,088 New Ordinary Shares in lastminute.com of which 27,999,940 are expected to be issued at completion and the majority of the balance on or before 28 February 2003 following the exercise of outstanding Travelprice.com warrants.

The Acquisition is conditional upon lastminute.com shareholders authorising the allotment of the New Ordinary Shares at an Extraordinary General Meeting, to be held on 27 August 2002, and the issue and listing of those New Ordinary Shares.

Certain lastminute.com shareholders, holding in aggregate 37.1 per cent. of the issued share capital, have given irrevocable undertakings to vote in favour of the resolution at the Extraordinary General Meeting.

**2. Background to and reasons for the Acquisition**

lastminute.com is an online travel and leisure group which has expanded through Europe via organic and acquisitive growth since formation. As part of this strategy, lastminute.com has acquired Travelect.com and The Destination Group, in April and June of this year respectively. The acquisition of Travelprice.com is a continuation of this drive to achieve strategic expansion.

The Directors believe that the combination of these two rapidly growing businesses will offer significant opportunities for lastminute.com by enhancing its competitive strengths, increasing economies of scale and providing a better customer proposition for users.

The Acquisition represents a financially attractive opportunity for lastminute.com to continue the consolidation of the European online travel sector and is expected to be earnings enhancing (after anticipated synergies and before goodwill amortisation) in the first full financial year following Completion.

The combination of the businesses reinforces lastminute.com's leading online travel and leisure position in both France and Italy. According to an independent study issued by Taylor Nelson Sofres Interactive in June 2002 Degriktour was the number one French travel site, lastminute.com the number two site and Travelprice.com the joint number four site. In relation to Italy, statistics published by NetValue for June 2002 show lastminute.com as the number one travel site and Travelprice.com as the number two travel site. The resultant business broadens the supply base, leverages margins and provides anticipated operating synergies in excess of €10.0 million in the first full financial year following completion. To achieve these synergies, one-off exceptional costs of integration, amounting to approximately €5.0 million, would be taken in the financial year to 30 September 2002.

The French business of lastminute.com (lastminute.com France and Degriktour) and Travelprice.com, would be merged into a single operating unit based just outside Paris as soon as possible after completion and following consultation with staff representatives. The integration would take place over a 6 month period and would be led by a joint management integration team from lastminute.com and Travelprice.com. This team will benefit from the experience gained from the recent integration of Degriktour, and the recently acquired Travelect.com and The Destination Group businesses.

**3. Information on Travelprice.com**

Travelprice.com is a private company founded in 1995 and has its headquarters in France. It is among the leading operators in the online travel markets in France, Italy, Spain and Belgium. Approximately 65.0 per cent. of transactions were initiated online in 2001. In France sales are supported by a sophisticated 24 hour/7 day per week call centre based near Paris.

Travelprice.com grew overall TTV from €31.4 million in 2000 to €67.3 million in 2001, a growth rate of 114.3 per cent. with sales of package holidays growing by 179.3 per cent. For the year to 31 December 2001 Travelprice.com achieved gross margins of approximately 9.5 per cent. and a loss before tax and after exceptional items of €(23.2) million. The restructuring of the Travelprice.com group during the current

## Part I—General Information

financial year has reduced the loss and cash outflow significantly. The continued growth in the sales of package holidays has improved the overall margin to more than 10.5 per cent. as the gross margins on package holidays are higher than those achieved on flights. Net assets at 31 December 2001 amounted to €7.2 million and cash and financial deposits at 30 June 2002 amounted to more than €10.0 million.

During the year to 31 December 2001 flights amounted to 52.4 per cent. of TTV. Package holidays, both self-packaged and pre-packaged, amounted to 43.3 per cent. of TTV.

Travelprice.com became a full service travel agency in August 1999 with websites being opened in Belgium, Italy, Spain, as well as France, by July 2000. It is anticipated that Travelprice.com will generate in excess of 9.0 million unique visitors to its websites during the calendar year 2002. Travelprice.com's shareholders currently comprise venture capitalists and management.

Summary financial information for Travelprice.com for the past 2 years is as follows. This has been extracted without material adjustment from the financial information set out in Part III of this document. Shareholders should read the whole of this document and not rely on the summary information in this Part I.

Year to 31 December  
All figures € millions

	<u>2001</u>	<u>2000</u>
<b>Total transaction value</b> . . . . .	<b><u>67.3</u></b>	<b><u>31.4</u></b>
Gross profit . . . . .	6.4	3.3
Operating costs excluding depreciation . . . . .	<u>(26.8)</u>	<u>(26.3)</u>
<b>EBITDA</b> . . . . .	<b><u>(20.4)</u></b>	<b><u>(23.0)</u></b>
Depreciation . . . . .	(0.8)	(0.5)
Interest paid . . . . .	<u>(0.3)</u>	<u>(0.1)</u>
<b>Loss on ordinary activities before tax</b> . . . . .	<b><u>(21.5)</u></b>	<b><u>(23.6)</u></b>
Exceptional items . . . . .	<u>(1.7)</u>	<u>(0.2)</u>
<b>Loss before tax and after exceptional items</b> . . . . .	<b><u>(23.2)</u></b>	<b><u>(23.8)</u></b>

#### 4. Terms of the Acquisition

The acquisition values Travelprice.com at up to £31.9 million (approximately €49.6 million) on the basis of the closing middle market price of lastminute.com's Ordinary Shares as derived from the daily official list on 19 July 2002, being the last practicable date before the announcement of the Acquisition.

The exchange of shares in Travelprice.com will be satisfied by the issue of up to 34,645,088 New Ordinary Shares of which 27,999,940 are expected to be issued at completion and the majority of the balance on or before 28 February 2003 following the exercise of outstanding Travelprice.com warrants. The New Ordinary Shares will be allotted and issued credited as fully paid and will rank pari passu in all respects with the existing Ordinary Shares.

Fifty per cent. of the Consideration Shares will be subject to a lock-up agreement until 28 February 2003. The terms of the lock-up provide that these Consideration Shares may not be traded for the first 3 months following Completion and are then released from the lock-up progressively over the remaining 3 months.

Twenty five per cent. of the Consideration Shares (or their cash equivalent) will be held in escrow at Completion against any claims made by lastminute.com under the representations and warranties contained in the Acquisition Agreement. The Travelprice.com Shareholders will be able to require the escrow agent to sell all or any of the lastminute.com shares held in escrow at any time, provided that cash equivalent to £0.90 per New Ordinary Share sold is retained in the escrow account.

The escrow account will be released in full (other than an aggregate value equivalent to outstanding claims) on 1 April 2004.

#### 5. Benefits of the combined business

The combination of Travelprice.com and lastminute.com reinforces lastminute.com's leading position in the online travel and leisure sector in both France and Italy.

This combination creates the opportunity to leverage the scale of the two businesses and to provide estimated margin and operating synergies of at least €10.0 million in the first full financial year following completion. To achieve these synergies one-off exceptional integration costs of approximately €5.0 million are anticipated. These costs will be recognised in the financial statements for the current financial year to 30 September 2002.

The synergies will be delivered from the implementation of proposals in the following areas:

- economies of scale will enable the enlarged French group to better negotiate terms with suppliers
- after consultation with staff representatives, a review of the workforce to identify possible savings in a number of areas where staff duplication would exist, especially at management levels; and
- the combination into a single operating unit just outside Paris.

## 6. Management and employees

Pursuant to those proposals, it is intended that Roland Coutas, the Chief Executive of Travelprice.com, will become the Chief Executive for Southern Europe for lastminute.com and will join lastminute.com's Executive Committee on 1 March 2003. He will also be President of the Supervisory Board of the combined French businesses.

Denis Philipon, the Managing Director of lastminute.com France will remain on lastminute.com's Executive Committee and will become Managing Director of the combined French businesses. Marc Rochet, the Chief Operations Officer of Travelprice.com, will be responsible for the integration of the two businesses. Other management positions will be announced in the near future after a review of the business needs and necessary staff consultations. They will be selected from the persons best placed to carry out an extended role in the wider group.

## 7. Information on lastminute.com

lastminute.com operates directly in six European countries and participates in four international joint ventures, providing inspirations and solutions for customers at the last minute. At 30 June 2002, lastminute.com had over 5.6 million subscribers to its weekly newsletter and had established approximately 15,300 supplier relationships. lastminute.com remains the leading independent European travel and leisure site across six countries.

The business is based on the idea of matching supply and demand. lastminute.com offers consumers opportunities to acquire airline tickets, hotel rooms, package holidays, entertainment tickets, restaurant reservations and food delivery, speciality services, gifts and auctions in the United Kingdom, France, Germany, Italy, Sweden, the Netherlands, Spain, Australia, South Africa and most recently Japan. The travel portfolio of lastminute.com has been further supplemented by the acquisition of Travelselect.com and the Destination Group in April 2002 and June 2002 respectively.

Summary financial information for lastminute.com for the last 3 financial years is as follows. This has been extracted without material adjustment from the financial information on lastminute.com set out in Part II of this document. Shareholders should read the whole of this document and not rely on the summary information in this Part I.

Year to 30 September  
All figures £ millions

	<u>2001</u>	<u>2000</u>	<u>1999</u>
<b>Total transaction value</b> . . . . .	<b>124.2</b>	<b>34.2</b>	<b>2.6</b>
Gross profit . . . . .	17.2	3.3	0.2
Operating costs excluding depreciation . . . . .	(50.8)	(41.4)	(4.7)
<b>EBITDA</b> . . . . .	<b>(33.6)</b>	<b>(38.1)</b>	<b>(4.5)</b>
Depreciation & goodwill . . . . .	(23.4)	(1.3)	(0.1)
Interest received . . . . .	3.4	3.6	0.1
<b>Loss on ordinary activities before tax</b> . . . . .	<b>(53.6)</b>	<b>(35.8)</b>	<b>(4.5)</b>

**8. Current trading and prospects**

lastminute.com continues to trade in line with expectations for the seasonally stronger second half of the financial year. The Directors remain confident of continuing business growth and moving further towards overall group profitability and positive operating cashflow.

Further comments on lastminute.com's current trading and prospects are on page 39, in Part II.

**9. Listing and dealings**

The existing lastminute.com Ordinary Shares are listed on the London Stock Exchange. Application has been made to the UK Listing Authority and to the London Stock Exchange for the New Ordinary Shares to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange. It is expected that Admission will become effective and that dealings in New Ordinary Shares will commence on the London Stock Exchange on 28 August 2002. Dealings will be for normal settlement.

Pending issue of definitive certificates for New Ordinary Shares issued in certificated form, transfers will be certified against the register held by Capita IRG plc. No temporary documents of title in respect of the New Ordinary Shares will be issued.

The New Ordinary Shares will not be available to the public in conjunction with the application for listing.

**10. Overseas Shareholders**

The issue of the New Ordinary Shares to persons resident in, or who are citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

The attention of lastminute.com Shareholders who have registered addresses in, or are residents, citizens or nationals of, countries other than the United Kingdom ("**Overseas Shareholders**") is drawn to the following in connection with the Acquisition.

**(a) General**

This document does not constitute an offer of the New Ordinary Shares, this document if received is published for information only and should not be copied or redistributed.

Accordingly, persons receiving a copy of this document should not in connection with the Acquisition distribute or send the same to any person in, or citizen or resident of, or into, any jurisdiction where to do so would or might contravene local securities laws or regulations. Any person who does forward this document into any such territories whether under a contractual or legal obligation or otherwise should draw the recipient's attention to the contents of this paragraph 10.

**(b) United States**

None of the New Ordinary Shares have been or will be registered under the Securities Act, or under the securities laws of any state of the United States, and none of them may be offered, sold, resold, delivered, taken up, transferred or renounced, directly or indirectly, in or into the United States except pursuant to the terms of applicable exemptions under the Securities Act and applicable securities laws of the United States..

Pursuant to the Acquisition Agreement, each Travelprice.com Shareholder has acknowledged and agreed that it is aware that the New Ordinary Shares have not and will not be registered under the Securities Act or under the securities laws of any state of the United States and, accordingly, none of the New Ordinary Shares may be offered, sold, resold, delivered, taken up, transferred or renounced, directly or indirectly, in or into the United States except pursuant to an exemption from, or in transactions not subject to, the Securities Act.

Each Travelprice.com Shareholder has further represented, warranted and agreed that (i) it is an institutional accredited investor as such term is defined in Rule 501(a)(1), (2), (3), (7) and (8) under the Securities Act or (ii) it is not a U.S. person and is located outside the United States and any person for whose account or benefit it is acting is not a U.S. person and is located outside the United States and, upon acquiring the New Ordinary Shares, it and any such person will not be a U.S. person and will be located outside the United States (as used herein, "U.S. Person" and "United States" have the meanings specified in Regulation S under the Securities Act).

**11. Further information**

Your attention is drawn to the remaining parts of this document which contain further information on lastminute.com, Travelprice.com, and the listing of the New Ordinary Shares.

**PART II: FINANCIAL INFORMATION ON THE lastminute.com GROUP**

**Introduction**

The financial information contained in this Part II does not comprise the statutory accounts of any company within the meaning of section 240 of the Act. lastminute.com plc was incorporated on 1 October 1999 and acquired Last Minute Network Limited on 15 February 2000 in a share for share exchange. Consequently the financial information in respect of the year ended 30 September 1999 has been extracted without material change from the accountants' report included in the lastminute.com plc prospectus dated 1 March 2000. The financial information in that prospectus was based on the audited consolidated statutory financial statements of Last Minute Network Limited for the year ended 30 September 1999. The financial information for the years ended 30 September 2000 and 2001 has been extracted without material adjustment from the audited consolidated financial statements of lastminute.com plc for those two years. The results for the year ended 30 September 2000 were restated in the 2001 published consolidated statutory financial statements so that the comparatives included adjustments the directors decided to make following the introduction of UITF 31—Exchanges of businesses or non-monetary assets for an interest in a subsidiary, joint venture or associate. Information relating to both the original 30 September 2000 and restated 30 September 2000 financial information is shown below.

The audited statutory accounts of Last Minute Network Limited for the period from 1 October 1998 to 30 September 1999 and the audited consolidated financial statements of lastminute.com plc for the two years ended 30 September 2001 have been delivered to the Registrar of Companies each containing an unqualified audit report given by Ernst & Young LLP or its predecessor firm, Ernst & Young, of Becket House, 1 Lambeth Palace Road, London, SE1 7EU.

## CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	<i>Notes</i>	Year ended 30 September 2001 (Audited) £'000	Year ended 30 September 2000 (Restated) <sup>(1)</sup> £'000	Year ended 30 September 2000 (Audited) £'000	Year ended 30 September 1999 (Audited) £'000
<b>Total transaction value (TTV)<sup>(2)</sup></b> . . . . .	<i>1,2</i>	124,210	34,189	34,189	2,647
<b>Turnover</b> . . . . .	<i>2</i>				
Group and share of joint ventures . . . . .		18,416	3,740	3,740	195
Less share of joint ventures . . . . .		(47)	—	—	—
<b>Group turnover</b> . . . . .		18,369	3,740	3,740	195
Cost of sales . . . . .		1,165	401	401	18
<b>Gross profit</b> . . . . .		17,204	3,339	3,339	177
<b>Operating costs</b>					
Product development . . . . .		7,800	9,951	9,951	1,401
Sales and marketing . . . . .		27,207	20,711	20,711	1,597
General and administration . . . . .		15,787	10,811	10,811	1,713
<b>Operating costs before depreciation and amortisation</b> . . . . .		50,794	41,473	41,473	4,711
<b>EBITDA</b> . . . . .		(33,590)	(38,134)	(38,134)	(4,534)
Depreciation . . . . .	<i>3</i>	8,744	1,317	1,317	33
Goodwill amortisation . . . . .	<i>3</i>	14,660	—	—	—
<b>Total operating costs</b> . . . . .		74,198	42,790	42,790	4,744
<b>Group operating loss</b> . . . . .	<i>3</i>	(56,994)	(39,451)	(39,451)	(4,567)
Share of operating loss in joint ventures . .	<i>13</i>	(196)	(75)	(33)	—
<b>Total operating loss: group and share of joint ventures</b> . . . . .		(57,190)	(39,526)	(39,484)	(4,567)
Interest receivable . . . . .	<i>6</i>	3,480	3,777	3,777	68
Interest payable and similar charges . . . .	<i>7</i>	(36)	(41)	(41)	(1)
<b>Loss on ordinary activities before taxation</b> .	<i>2</i>	(53,746)	(35,790)	(35,748)	(4,500)
Tax on loss on ordinary activities . . . . .	<i>8</i>	158	—	—	—
Appropriations . . . . .	<i>9</i>	—	—	—	(40)
<b>Loss for the financial year and transfer from reserves</b> . . . . .	<i>22</i>	(53,588)	(35,790)	(35,748)	(4,540)
<b>Loss per share—basic and diluted</b> . . . . .	<i>10</i>	(31.50)p	(36.39)p	(36.35)p	(13.51)p

The above results all arise from continuing operations.

(1) See note 13.

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<i>Notes</i>	Year ended 30 September 2001 (Audited) £'000	Year ended 30 September 2000 (Restated) <sup>(1)</sup> £'000	Year ended 30 September 2000 (Audited) £'000	Year ended 30 September 1999 (Audited) £'000
Loss for the year excluding share of losses in joint ventures . . . . .		(53,392)	(35,715)	(35,715)	(4,500)
Share of joint ventures' loss for the year . .	13	(196)	(75)	(33)	—
Gain on the establishment of joint ventures	22	202	226	—	—
Foreign currency translation difference . . .	22	(414)	22	22	—
<b>Total recognised gains and losses for the year . . . . .</b>		<b>(53,800)</b>	<b>(35,542)</b>	<b>(35,726)</b>	<b>(4,500)</b>
Prior year adjustment . . . . .	13	184	—	—	—
<b>Total gains and losses recognised since last annual report . . . . .</b>		<b><u>(53,616)</u></b>	<b><u>(35,542)</u></b>	<b><u>(35,726)</u></b>	<b><u>(4,500)</u></b>

(1) See note 13.

## CONSOLIDATED BALANCE SHEETS

	<i>Notes</i>	At 30 September 2001 (Audited) £'000	At 30 September 2000 (Restated) <sup>(1)</sup> £'000	At 30 September 2000 (Audited) £'000	At 30 September 1999 (Audited) £'000
<b>Fixed assets</b>					
Intangible assets . . . . .	11	43,992	58,636	58,636	—
Tangible assets . . . . .	12	13,656	13,972	13,972	403
Investments in joint ventures . . . . .		455	230	230	—
—gross assets . . . . .		(78)	(23)	(269)	—
—gross liabilities . . . . .					
Total joint venture net assets/(liabilities) . .	13	377	207	(39)	—
<b>Total fixed assets</b> . . . . .		<u>58,025</u>	<u>72,815</u>	<u>72,569</u>	<u>403</u>
<b>Current assets</b>					
Stocks . . . . .	14	40	52	52	1
Debtors . . . . .	15	11,173	10,543	10,543	743
Cash at bank and in hand . . . . .		46,617	103,688	103,688	4,319
		57,830	114,283	114,283	5,063
<b>Creditors: amounts falling due within one year</b> . . . . .	16	26,400	38,363	38,301	2,289
<b>Net current assets</b> . . . . .		<u>31,430</u>	<u>75,920</u>	<u>75,982</u>	<u>2,774</u>
<b>Total assets less current liabilities</b> . . . . .		89,455	148,735	148,551	3,177
<b>Creditors: amounts falling due after more than one year</b> . . . . .	17	—	6,031	6,031	—
<b>Provisions for liabilities and charges</b> . . . . .	19	543	1,410	1,410	614
<b>Net assets</b> . . . . .		<u>88,912</u>	<u>141,294</u>	<u>141,110</u>	<u>2,563</u>
<b>Capital and reserves</b>					
Called up share capital . . . . .	21	1,733	1,505	1,505	3
Share premium account . . . . .	22	112,983	112,923	112,923	—
Shares to be issued . . . . .	22	—	197	197	—
Profit and loss account . . . . .	22	(94,080)	(40,280)	(40,464)	(4,826)
Merger reserve . . . . .	22	61,892	61,746	61,746	6,724
Other reserves . . . . .	22	6,384	5,203	5,203	662
<b>Total equity shareholders' funds</b> . . . . .		<u>88,912</u>	<u>141,294</u>	<u>141,110</u>	<u>2,563</u>

(1) See note 13.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000	Year ended 30 September 1999 £'000
<b>Net cash outflow from operating activities</b> . . . . .	23(a)	(31,079)	(34,652)	(1,904)
<b>Returns on investments and servicing of finance</b>				
Interest received . . . . .		3,480	3,777	68
Interest paid . . . . .		(36)	(41)	(1)
<b>Net returns on investments and servicing of finance</b> . . .		3,444	3,736	67
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets . . . . .		(8,420)	(12,289)	(408)
Receipts from sale of tangible fixed assets . . . . .		87	—	—
<b>Acquisitions</b>				
Cash acquired with new subsidiary . . . . .		160	747	—
Payments to acquire subsidiary <sup>(1)</sup> . . . . .		(21,350)	—	—
<b>Net cash outflow before management of liquid resources and financing</b> . . . . .		(57,158)	(42,458)	(2,245)
<b>Management of liquid resources</b>				
Increase in short term deposits . . . . .	23(c)	(1,502)	(2,547)	—
<b>Financing</b>				
Issue of share capital . . . . .		87	153,875	5,776
Costs associated with issue of share capital . . . . .		—	(11,978)	—
Bridge loan received . . . . .		—	—	350
<b>(Decrease)/increase in cash</b> . . . . .		(58,573)	96,892	3,881

(1) Relates to consideration on the acquisition of the Degriftour Group.

## RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	<i>Notes</i>	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000	Year ended 30 September 1999 £'000
<b>Movement in cash</b> . . . . .		(58,573)	96,892	3,881
Cash outflow from short term deposits . . . . .	23(c)	1,502	2,547	—
		(57,071)	99,439	3,881
Net funds at the beginning of the year . . . . .	23(b)	103,688	4,249	368
<b>Net funds at the end of the year</b> . . . . .	23(b)	46,617	103,688	4,249

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 Accounting policies**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### ***Basis of preparation***

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings, comprising mainly Last Minute Network Limited and the Degriftour Group drawn up to 30 September 2001.

On 15 February 2000, Last Minute Network increased its authorised share capital and effected a bonus issue of 284 Ordinary Shares for each existing Ordinary Share held. Shares and per share amounts have been retroactively adjusted to reflect the bonus issue.

The Company was incorporated in England and Wales on 1 October 1999 as a private limited company. On 15 February 2000, the Company acquired Last Minute Network Limited in a share for share exchange.

This business combination was accounted for as a group reconstruction in accordance with the principles of merger accounting set out in Financial Reporting Standard No. 6 (FRS 6) and Schedule 4A to the Companies Act 1985. The financial statements are presented as if Last Minute Network Limited and its subsidiaries had been owned and controlled by the Company throughout the periods ended 30 September 1999, 30 September 2000 and 30 September 2001.

The Degriftour Group of companies (Revalfi S.A., Voyages Sur Mesures S.A. and Activnet S.A.R.L.) have been included in the Group financial statements using the acquisition method of accounting. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition. The date of acquisition was 30 September 2000.

Entities in which the Group holds an interest on a long term basis and are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the gross equity method.

Details of the restatement of the figures for the year ended 30 September 2000 in respect of the Group's investment in its Australian joint venture, lastminute.com (Australia) Pty Limited following the adoption of UITF 31 are given in note 13.

#### ***TTV***

TTV, which is stated net of value added tax and associated taxes, does not represent the Group's statutory turnover.

In the majority of transactions, where the Group acts as agent or cash collector, TTV represents the price at which goods or services have been sold across the Group's various platforms.

In other cases, for example the reservation of restaurant tables, a flat fee is earned, irrespective of the value of goods or services provided. In such cases TTV represents the flat fee commission earned.

In the small number of cases where the Group acts as principal, TTV represents the price at which goods or services have been sold across the Group's various platforms.

#### ***Turnover***

In the majority of cases, the Group 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, the Group acts as principal and purchases the products or services for resale. Where the Group acts as principal, turnover represents the price at which the products or services have been sold across the Group's various platforms.

Turnover is recognised once charges to the customer's credit card have been made, except for travel as noted below, and is stated exclusive of value added tax and associated taxes.

Travel turnover is recognised at the date of departure. Before 1 October 1999, turnover related to travel business has been recognised on the date of booking by the customer. The nature of the business was such that the booking date was close enough to the departure date for there to be no significant difference between recognition on the booking date rather than on the departure date which is the industry norm.

Turnover also includes advertising, sponsorship and Minitel income.

***Product development costs***

Product development costs include expenses incurred by the Group to manage, monitor and operate the website and databases. Costs are expensed as incurred.

Costs incurred in developing software for internal use, which have measurable economic viability, are capitalised when the software reaches the application development stage and are amortised over the expected useful life of the software. Costs incurred in developing and enhancing the website are capitalised as incurred if the measurable economic viability of the expenditure can be determined and are amortised over the expected useful life of the website.

***Advertising costs***

The Group expenses the cost of advertising at the time production occurs, and expenses the cost of communicating advertising in the period in which the advertising space or airtime is used.

***Deferred taxation***

Provision is made or recovery anticipated in respect of all timing differences likely to reverse in the foreseeable future without being replaced at rates at which the liability or the asset is expected to crystallise.

***Foreign currency translation***

Transaction revenues and expenses in a foreign currency are recorded at the average rate of exchange for the month during which the transaction or expense occurs. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date.

The results of overseas operations are translated into pounds sterling at average rates of exchange for the period. Exchange differences arising from the retranslation of opening net assets and results from operations denominated in foreign currencies to period end rates are taken direct to shareholders' funds. All other exchange differences are charged or credited to income.

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange risk. Instruments are used to hedge a committed, or probable future transaction and are not recognised until the transaction occurs.

It is not the Group's policy to enter into any other derivative instruments.

***Intangible fixed assets***

Goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis, over its useful economic life subject to a maximum life of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recovered.

Negative goodwill arising on acquisitions is recognised in the balance sheet. Amounts up to the fair value of non-monetary assets acquired are recognised in the profit and loss account in the years in which the non-monetary assets are expected to be recovered. Amounts in excess of the fair values of the non-monetary assets acquired are recognised in the years expected to benefit.

***Tangible fixed assets***

Tangible fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write off their cost, less estimated residual value based on prices prevailing at the date of acquisition, over the estimated useful lives of the assets, as follows:

Leasehold improvements	— remaining period of the lease
Furniture and office equipment	— four years
Computer systems and equipment	— three to five years
Computer software	— two to three years

Repair and maintenance costs are expensed as incurred.

***Stocks***

Stocks represent entertainment tickets held for resale, which are stated at the lower of cost on a first in first out basis and net realisable value.

***Customer loyalty scheme***

The Group operates a customer loyalty scheme. Customers collect redeemable “Award Minutes” in proportion to the volume of goods purchased and can redeem the “Award Minutes” against offers on the website.

The Group provides for the cost of the expected liability based on the anticipated redemption profile.

***Employee share schemes***

In accordance with UITF abstract 17 (revised 2000), Employee share schemes, the difference between the exercise price of share options granted under the Group’s share option schemes and the fair market value of the underlying ordinary shares at the date of grant is charged to the profit and loss account on a straight line basis over the period in which the options vest.

In periods prior to 1 October 2000 the Group provided for its National Insurance contributions on options granted on or after 6 April 1999 under its unapproved share option schemes. Provision was made at a rate of 12.2% on the difference between the period end share value and the grant price, being the Group’s best estimate of the ultimate liability at each period end.

Following the issue of UITF published Abstract 25 National Insurance on share option gains, the Group now provides for the expected charge over the period in which the options vest on a straight-line basis. The impact on the year ended 30 September 2000, had the prior policy been used, would have been to increase the charge by £1.3 million. The effect on the year ended 30 September 1999 was immaterial.

***Leases***

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Provision is made for future rentals where properties are not in use at the period end.

## 2 TTV, turnover and segmental analysis

The Group is engaged in the provision of lastminute.com 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)		
	2001	2000	1999	2001	2000	1999
	£'000	£'000	£'000	£'000	£'000	£'000
By geographical area						
United Kingdom . . . . .	48,723	33,614	2,647	6,899	3,085	195
Other European Union countries . . . . .	75,066	575	—	11,470	655	—
Joint ventures . . . . .	421	—	—	47	—	—
	<u>124,210</u>	<u>34,189</u>	<u>2,647</u>	<u>18,416</u>	<u>3,740</u>	<u>195</u>

	Net loss on ordinary activities before taxation				Net assets/(liabilities)			
	2001	2000	2000	1999	2001	2000	2000	1999
	(Audited)	(Restated) <sup>(3)</sup>	(Audited)	(Audited)	(Audited)	(Restated) <sup>(3)</sup>	(Audited)	(Audited)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
By geographical area								
United Kingdom <sup>(1)</sup> . . . . .	(29,720)	(29,937)	(29,937)	(4,396)	53,953	20,937	20,999	(1,520)
Other European Union countries <sup>(2)</sup> . . . . .	<u>(27,274)</u>	<u>(9,514)</u>	<u>(9,514)</u>	<u>(131)</u>	<u>(12,035)</u>	<u>16,462</u>	<u>16,462</u>	<u>(236)</u>
	<u>(56,994)</u>	<u>(39,451)</u>	<u>(39,451)</u>	<u>(4,527)</u>	<u>41,918</u>	<u>37,399</u>	<u>37,461</u>	<u>(1,756)</u>
Share of operating loss and net assets of joint ventures . . . . .	(196)	(75)	(33)	—	377	207	(39)	—
Net interest receivable . . .	3,444	3,736	3,736	27	—	—	—	—
Interest bearing assets . . . .	—	—	—	—	46,617	103,688	103,688	4,319
	<u>(53,746)</u>	<u>(35,790)</u>	<u>(35,748)</u>	<u>(4,500)</u>	<u>88,912</u>	<u>141,294</u>	<u>141,110</u>	<u>2,563</u>

- (1) The UK losses for 1999, 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, 1999: nil). Net assets include £43,992,000 of goodwill for 2001 (2000: £58,636,000, 1999: nil).
- (3) See note 13.

### 3 Group operating loss

This is stated after charging/(crediting):

	Year ended 30 September 2001	Year ended 30 September 2000	Year ended 30 September 1999
	£000	£000	£000
Auditors' remuneration—audit services . . . . .	135	172	5
—non-audit services <sup>(1)</sup> . . . . .	257	141	23
Advertising expenditure . . . . .	10,280	8,979	750
Depreciation . . . . .	8,744	1,317	33
Goodwill amortisation . . . . .	14,660	—	—
Operating lease rentals—land and buildings	1,491	522	63
—other . . . . .	82	—	—
Profit on sale of fixed assets . . . . .	(26)	—	—
Non-cash share-based compensation:			
Product development . . . . .	230	1,374	169
Sales and marketing . . . . .	669	1,604	218
General and administration . . . . .	282	1,604	285
	<u>1,181</u>	<u>4,582</u>	<u>672</u>
Provision for Group National Insurance contributions in relation to non-cash share-based compensation:			
Product development . . . . .	(110)	26	144
Sales and marketing . . . . .	(322)	31	198
General and administration . . . . .	(136)	31	258
	<u>(568)</u>	<u>88</u>	<u>600</u>

Operating costs comprise the administrative expenses of the Group.

(1) In the year ended 30 September 2000 this amount excludes the Ernst & Young fees charged in relation to the Company's initial public offering and listing on the London Stock Exchange and Nasdaq National Market and the Company's acquisition of the Degriktour Group. The fees were written off against the Share Premium Account as incurred. The total of these fees amounted to £930,000.

### 4 Staff costs (including Executive Directors)

	Year ended 30 September 2001	Year ended 30 September 2000	Year ended 30 September 2000
	£000	£000	£000
Wages and salaries . . . . .	21,364	8,770	668
Social security costs . . . . .	3,297	1,154	64
Pension contributions . . . . .	613	60	20
Non-cash share-based compensation . . . . .	1,181	4,582	672
Group National Insurance contributions on share options . . . . .	(568)	88	600
	<u>25,887</u>	<u>14,654</u>	<u>2,024</u>

The principal Group defined contribution pension scheme is available to UK Executive Directors and employees only. The Group contributes to a grouped personal pension plan to provide retirement and death benefits. The Group currently contributes up to a maximum of 14% of the employees' basic salary to an investment account in the name of the individual employee or pays the cash equivalent direct to the employee. The assets of the plan are separate from those of the Group and are managed by Standard Life.

In France there are various elements to the pension arrangements. Firstly, most employees benefit from a government provided retirement plan, the costs of which are included within social security costs. In addition, a number of employees receive retirement benefits through a defined contribution pension plan. Certain senior executives are also members of a separate defined contribution pension plan to which the Group contributes.

Most other Group companies have defined contribution pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned.

Non-cash share-based compensation is based on the difference between the exercise price of share options granted and the fair market value of the underlying ordinary shares at the date of grant. As the options granted to date vest over three years, the difference is being taken to the profit and loss account as an operating expense on a straight-line basis over the vesting period.

The average monthly number of employees, including Executive Directors during the year comprised:

	Year ended 30 September 2001	Year ended 30 September 2000	Year ended 30 September 1999
	Number	Number	Number
Product development . . . . .	100	44	15
Sales and marketing . . . . .	436	182	6
General and administration . . . . .	123	81	8
	<u>659</u>	<u>307</u>	<u>29</u>

## 5 Directors' remuneration

The remuneration of the Directors was as follows:

<u>For the period ending 30 September 2001</u>	Basic salary and fees	Cash supplement in lieu of pension/ benefits	Bonus	Benefits	Total
	£	£	£	£	£
<b>Executive Directors:</b>					
Brent Hoberman . . . . .	150,000	21,000	—	2,295	173,295
Martha Lane Fox . . . . .	118,500	16,590	—	2,499	137,589
David Howell . . . . .	35,000	4,900	—	65	39,965
Pierre Alzon . . . . .	99,882	10,618	27,551	—	138,051
<b>Non-Executive Directors:</b>					
Bob Collier . . . . .	6,000	—	—	—	6,000
Pieter Bouw . . . . .	500	—	—	—	500
<u>For the period ending 30 September 2000</u>	Basic salary and fees	Pension	Bonus	Benefits	Total
	£	£	£	£	£
<b>Executive Directors:</b>					
Brent Hoberman . . . . .	133,058	—	—	3,122	136,180
Martha Lane Fox . . . . .	110,600	500	—	3,331	114,431
<b>Non-Executive Directors:</b>					
Bob Collier . . . . .	6,000	—	—	—	6,000
Pieter Bouw . . . . .	6,000	—	—	—	6,000
<u>For the period ending 30 September 1999</u>	Basic salary and fees	Pensions	Bonus	Benefits	Total
	£	£	£	£	£
<b>Executive Directors:</b>					
Brent Hoberman . . . . .	55,083	—	—	700	55,783
Martha Lane Fox . . . . .	45,000	6,300	—	450	51,750
<b>Non-Executive Directors:</b>					
Bob Collier . . . . .	5,500	—	—	—	5,500
Pieter Bouw . . . . .	5,500	—	—	—	5,500

No other bonuses were paid during the year.

## Part II—Financial Information on the lastminute.com Group

The Company does not remunerate any other Directors for their services on the Board of Directors or any Committee of the Board.

Pieter Bouw made a gain of £264,131 on the exercise of share options during the year ended 30 September 2001 following his resignation from the Board.

The highest paid Director was Brent Hoberman whose emoluments are shown above, but when gains on the exercise of share options are included, the highest paid Director in 2001 was Pieter Bouw with an option gain of £264,131.

In addition to his emoluments paid during employment, Pierre Alzon received a total of £102,877 compensation payable as a result of the termination of his employment contract. This amount is payable at various dates to January 2002, but is fully accrued within the year to 30 September 2001.

The bonus for Pierre Alzon was paid during the year ended 30 September 2001, but accrued within the Degriфтour Group in the year to 30 September 2000 prior to the acquisition of Degriфтour by the Group.

### Directors' interests in shares

The Directors' beneficial interests in the ordinary shares of the Company were as follows:

	30 September 2001	30 September 2000	30 September 1999
	Number	Number	Number
Pierre Alzon . . . . .	1,983,835	—	—
Brian Collie . . . . .	19,155	13,155	—
Bob Collier . . . . .	13,157	13,157	—
Brent Hoberman . . . . .	15,836,133	15,708,860	16,929,000
Laurent Laffy <sup>(1)</sup> . . . . .	25,738,065	25,738,065	21,909,660
Martha Lane Fox . . . . .	10,207,879	10,182,425	11,024,665
Allan Leighton . . . . .	197,273	—	—
Linda Fayne Levinson <sup>(2)</sup> . . . . .	13,371,280	13,371,280	11,623,440
Thomas Teichman <sup>(3)</sup> . . . . .	—	1,750,700	1,879,005

(1) Laurent Laffy is a partner in Arts Alliance Advisors, investment advisor to Cheetah International Investments Limited, which has an interest over 25,738,065 (2000: 25,738,065, 1999: 21,909,660) ordinary shares. He has a beneficial interest in 45,600 (2000: 45,600, 1999: 45,600) of the ordinary shares held by Cheetah International Investments Limited.

(2) Linda Fayne Levinson is a partner of Global Retail Partners, L.L.P. and its affiliates, which have an interest in 13,371,280 (2000: 13,371,280, 1999: 11,623,440) ordinary shares. She disclaims beneficial ownership of these shares, except for her proportional interest therein.

(3) Comprised 1,629,005 shares owned directly by Mr. Teichman and 121,695 shares owned by NewMedia Investors Limited. Mr. Teichman is the Chairman and founder of NewMedia Investors Limited and owned 57.6 per cent. of the outstanding shares in NewMedia Investors Limited. Therefore he shared beneficial ownership of the shares held by NewMedia Investors Limited.

No other Director has any interest in ordinary shares.

## Share options

The Directors' and former directors' interests in share options over ordinary shares were as follows:

	Exercise price	At 1 October 1998	At 30 September 1999	At 30 September 2000	At 30 September 2001	Exercisable until
	pence	Number	Number	Number	Number	
<b>Executive Directors:</b>						
Brent Hoberman . . . . .	2.31	151,335	151,335	151,335	151,335	28 June 2008
Martha Lane Fox . . . . .	2.31	129,675	129,675	129,675	129,675	28 June 2008
David Howell . . . . .	34.00	—	—	—	1,000,000	3 July 2011
Pierre Alzon <sup>(1)</sup> . . . . .	35.00	—	—	—	56,663	30 August 2011
<b>Non-Executive Directors:</b>						
Bob Collier . . . . .	2.31	—	360,625	360,625	360,625	31 October 2008
Allan Leighton . . . . .	137.50	—	—	—	1,000,000	7 January 2011
Pieter Bouw <sup>(2)</sup> . . . . .	2.31	—	641,250	641,250	—	7 January 2011

(1) Resigned 22 November 2001.

(2) Resigned 1 June 2001.

No options held by any current Director lapsed or were exercised during the period from 1 October 1998 to 30 September 2001. The options are granted in accordance with the terms and conditions laid out in the 1998 Unapproved Executive Share Option Scheme, the 2000 Approved Executive Share Option Scheme, the 2000 Unapproved Executive Share Option Scheme and the Non Executive Share Option Scheme 2000.

There have been no changes in the interests of the current Directors since 30 September 2001. Full details of Directors' shareholdings and options are contained in the Register of Directors' Interests which is kept by the Company and is open to inspection in accordance with the provisions of the Companies Act 1985.

The tables shown above have been restated for the effects of the 284 for 1 bonus issue on 15 February 2000, for share options outstanding at 30 September 1999 and 1 October 1998.

## 6 Interest receivable

	Year ended 30 September 2001	Year ended 30 September 2000	Year ended 30 September 1999
	£'000	£'000	£'000
Bank interest . . . . .	3,480	3,777	68

## 7 Interest payable and similar charges

	Year ended 30 September 2001	Year ended 30 September 2000	Year ended 30 September 1999
	£'000	£'000	£'000
Bank charges . . . . .	36	41	1

## 8 Tax on loss on ordinary activities

	Year ended 30 September 2001	Year ended 30 September 2000	Year ended 30 September 1999
	£'000	£'000	£'000
UK corporation tax . . . . .	—	—	—
Overseas corporation tax credit . . . . .	(158)	—	—

As a result of the loss for the year ended 30 September 1999, 2000 and 2001, no corporation tax charges have arisen. At 30 September 2001 the Group has tax losses of approximately £59.7 million available to carry forward without expiry and offset against future trading profits.

The Group also has an unprovided deferred tax asset relating to accelerated capital allowances of £1.1 million at 30 September 2001 (2000: £1.8 million deferred tax liability, 1999: nil).

## 9 Appropriations

During the years ended 30 September 2000 and 2001, there were no appropriations through dividends, which is consistent with the intentions of the Group as set out in the Listing Particulars relating to lastminute.com dated 1 March 2000. Preference A Share dividends amounting to £40,000 remained unpaid as at 30 September 1999. The rights to these dividends were forfeited upon the initial public offering.

## 10 Loss per share (basic and diluted)

	Year ended 30 September 2001	Year ended 30 September 2000 Restated	Year ended 30 September 2000	Year ended 30 September 1999
	£'000	£'000	£'000	£'000
Loss used for calculation of loss per share . . . . .	(53,588)	(35,790)	(35,748)	(4,540)
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
Weighted average number of ordinary shares in issue adjusted for the effects of the 284 for one bonus issue on 15 February 2000, for the calculation of loss per share . . . . .	170,137,039	98,347,405	98,347,405	33,595,515

Securities that could potentially dilute basic earnings per share in the future include share options and warrants.

## 11 Intangible fixed assets

<u>Goodwill</u>	<u>Total £'000</u>
<i>Cost</i>	
At 1 October 1998 and at 30 September 1999 . . . . .	—
At 30 September 2000 . . . . .	58,636
Acquisition of subsidiary undertaking (note 13) . . . . .	16
At 30 September 2001 . . . . .	58,652
<i>Amortisation</i>	
At 1 October 1998, 30 September 1999 and 30 September 2000 . . . . .	—
Charged during the year . . . . .	14,660
At 30 September 2001 . . . . .	14,660
<i>Net book value</i>	
At 30 September 2001 . . . . .	43,992
At 30 September 2000 . . . . .	58,636
At 30 September 1999 . . . . .	—

During the year-ended 30 September 2000 goodwill arose on the acquisition of the Degriftour Group and is being amortised evenly over the Directors' estimate of its useful economic life of four years.

During the year-ended 30 September 2001 goodwill arose on the acquisition of Urbanbite Limited. This is also being amortised evenly over the Directors' estimate of its useful economic life of four years.

**12 Tangible fixed assets**

	Leasehold improvements	Furniture and office equipment	Computer systems and equipment	Computer software	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 October 1998 . . . . .	—	3	25	—	28
Additions . . . . .	—	28	340	40	408
At 30 September 1999 . . . . .	—	31	365	40	436
Additions . . . . .	830	1,330	3,147	7,225	12,532
Acquisition of subsidiary (note 13) . . . . .	—	798	1,119	437	2,354
At 30 September 2000 . . . . .	830	2,159	4,631	7,702	15,322
Additions . . . . .	71	322	1,329	6,672	8,394
Disposals . . . . .	—	(222)	(352)	—	(574)
Acquisition of subsidiary (note 13) . . . . .	—	11	15	69	95
At 30 September 2001 . . . . .	901	2,270	5,623	14,443	23,237
<b>Depreciation</b>					
At 1 October 1998 . . . . .	—	—	—	—	—
Provided during the year . . . . .	—	3	29	1	33
At 30 September 1999 . . . . .	—	3	29	1	33
Provided during the year . . . . .	69	172	674	402	1,317
At September 2000 . . . . .	69	175	703	403	1,350
Provided during the year . . . . .	185	691	2,213	5,655	8,744
Disposals . . . . .	—	(161)	(352)	—	(513)
At 30 September 2001 . . . . .	254	705	2,564	6,058	9,581
<b>Net book value</b>					
At 30 September 2001 . . . . .	647	1,565	3,059	8,385	13,656
At 30 September 2000 . . . . .	761	1,984	3,928	7,299	13,972
At 30 September 1999 . . . . .	—	28	336	39	403

The Group did not have any material capital commitments outstanding as at 30 September 2001, 2000 or 1999.

**13 Investments**
**Joint Ventures**

<u>Share of net assets</u>	<u>Share of Net Assets</u>	<u>Negative Goodwill</u>	<u>Total</u>
	£'000	£'000	£'000
At 1 October 1998 and at 30 September 1999 . . . . .	—	—	—
Incorporation of joint ventures . . . . .	288	(288)	—
Share of loss retained by joint ventures . . . . .	(75)	—	(75)
Exchange loss taken to reserves . . . . .	(6)	—	(6)
Amortisation of negative goodwill . . . . .	—	42	42
At 30 September 2000 as previously reported . . . . .	207	(246)	(39)
Restatement . . . . .	—	246	246
At 1 October 2000—as restated . . . . .	207	—	207
Additions during the year . . . . .	377	—	377
Share of loss retained by joint ventures . . . . .	(196)	—	(196)
Exchange loss taken to reserves . . . . .	(11)	—	(11)
At 30 September 2001 . . . . .	377	—	377

*lastminute.com Network S.L.*

On 1 September 2001 the Group entered into a joint venture agreement with Sol Meliá Travel S.A. in relation to its Spanish entity. The joint venture was established by Sol Meliá Travel S.A. subscribing for an interest of 70% in Lastminute Network S.L. for €429,000 in cash. Lastminute Network S.L. was previously a 100% trading subsidiary of the Group.

The Group now holds 30% of the share capital of the Spanish company and its investment in the company is treated as a joint venture because the board control is split between the investing entities. Both parties have the power of veto over any major decision.

The net assets of the subsidiary prior to the disposal were €184,000. No profit or loss arose on the transaction. For the 11 month period to 31 August 2001 Lastminute Network S.L. incurred £1.2 million of the Group loss for the year ended 30 September 2001, utilised £1.0 million of the Group's operating cash flows and £0.1 million in respect of capital expenditure.

*lastminute.com Australia (Pty) Limited and lastminute.com (Pty) Limited*

The Group also has joint ventures with Travel.com.au Limited in Australia and Tourvest Holdings (Proprietary) Limited in South Africa. The joint venture companies are, respectively, lastminute.com Australia (Pty) Limited and lastminute.com (Pty) Limited.

Although the Group only holds 25.1% of the share capital of the Australian and South African joint venture entities, its investments in the entities are treated as joint ventures because board control is split between the respective investing entities. Both parties have the power of veto over any major decision. As purchase consideration for its share of the ordinary share capital of the joint venture entities, lastminute.com entered into two contractual agreements with each joint venture partner. The first committed to providing technical know-how and support in the set-up and continued service of the joint venture entities' websites. The second allows for use of the Group's licensed trademark in the geographical areas in which the joint venture companies operate. In each joint venture, our joint venture partner's subscription for share capital consisted of an undertaking to pay cash to the joint venture. In accounting for the South African joint venture the Group has followed the requirements of UITF abstract 31—Exchanges of businesses or non-monetary assets for an interest in a subsidiary, joint venture or associate, and has assessed an unrealised gain of £202,000.

The Australian joint venture was first accounted for in the financial statements for the year ended 30 September 2000, prior to the publication of the abstract. The cost of the assets given up by the Group was nil, therefore giving rise to a carrying value of the investment of nil. The assets contributed by our joint venture partner, however, gave rise to a share of net assets of the joint venture in the Group's financial statements of £288,000, which was offset by an equivalent amount of negative goodwill.

In order to enable comparability in the financial statements, the Directors wish to have the Australian, South African and any future joint ventures involving the exchange of businesses or other non-monetary assets accounted for on the same basis. As a result, the Australian joint venture has been restated in the prior year financial statements as if it had always been accounted for under UITF abstract 31.

As a result, the carrying value of this joint venture in the year-ending 30 September 2000 was increased by £246,000, and accruals were increased by £62,000 for the estimated costs of supporting the continued service of the website and the loss for the year ended 30 September 2000 was increased by £42,000 being the reversal of the amortisation of the negative goodwill that was credited in the prior year. An unrealised gain of £226,000 arose on the establishment of the joint venture under UITF abstract 31 and was included in the prior year consolidated statement of total recognised gains and losses. The effect on the 2001 year-end financial statements was to increase the loss for the year by £72,000 as the amortisation of negative goodwill no longer arises.

## Part II—Financial Information on the lastminute.com Group

Subsidiary and joint ventures of the Group are as follows, these being held by Group companies unless indicated:

Name of company	Country of registration or incorporation	Principal activity	Ordinary shares held (%)
<b>Investments in subsidiaries</b>			
Last Minute Network Limited*	England and Wales	Marketer	100
lastminute.com GmbH	Germany	Marketer	100
lastminute AB	Sweden	Marketer	100
Last Minute Network S.A.R.L.	France	Marketer	99
Revalfi S.A.	France	Marketer	100
Voyages Sur Mesures S.A.	France	Marketer	100
Activnet S.A.R.L.	France	Marketer	100
LastMinute Travel AB	Sweden	Non Trading	100
Lastminute.com BV	Netherlands	Marketer	100
Lastminute.com s.r.l.	Italy	Marketer	99
Last Minute s.p.r.l.	Belgium	Non Trading	100
Last Minute Network Limited	Ireland	Non Trading	50
Last Minute A/S	Norway	Non Trading	100
Last Minute A/S	Denmark	Non Trading	100
Lastminute.com Japan Limited	Japan	Non Trading	50
Urbanbite Limited*	England and Wales	Marketer	100
Urbanbite BV	Netherlands	Marketer	100
<b>Investments in joint ventures</b>			
Lastminute.com (Australia) Pty Limited	Australia	Marketer	25.1
Lastminute.com (Pty) Limited	South Africa	Marketer	25.1
Lastminute Network S.L.	Spain	Marketer	30

\* directly held by lastminute.com.

### Acquisitions

On 30 September 2000 the Group acquired the Degriftour Group (comprising Revalfi S.A.R.L. and its subsidiary undertakings, Voyages Sur Mesure S.A. and Activnet S.A.R.L.) for a consideration of £54,522,496, satisfied by 34,999,998 Euros paid on 23 October 2000, 10,000,000 Euros payable on 23 October 2001 by Last Minute Network S.A.R.L. and the issue of 19,700,000 new ordinary shares at £1.39 each by lastminute.com.

Goodwill arising on the acquisition of the Degriftour Group has been capitalised and is being amortised over four years. The investment in the Degriftour Group is held by lastminute.com and Lastminute Network S.A.R.L. and has been included in the Group balance sheet using the acquisition method of accounting at its fair value at 30 September 2000.

Analysis of the acquisition of the Degriftour Group:

	Book and fair value of assets acquired
	£'000
Tangible fixed assets	2,354
Debtors	4,203
Creditors	(7,883)
Cash	747
Provisions	(506)
Taxation	(129)
Net liabilities acquired	(1,214)
Goodwill (note 11)	58,636
Cost of net business	57,422

## Part II—Financial Information on the lastminute.com Group

On 13 July 2001 the Group acquired Urbanbite Limited for a consideration which was satisfied by the issue of 442,151 new ordinary shares at 33.9p each by lastminute.com. Goodwill arising on the acquisition has been capitalised and is being amortised over four years. The investment has been included in the Group balance sheet using the acquisition method of accounting at its fair value at 13 July 2001. The Directors do not consider this to be a material acquisition.

### 14 Stocks

	At 30 September 2001	At 30 September 2000	At 30 September 1999
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Entertainment tickets held for resale . . . . .	40	52	1

There is no material difference between the replacement costs of stocks and their balance sheet amounts.

### 15 Debtors

	At 30 September 2001	At 30 September 2000	At 30 September 1999
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Trade debtors . . . . .	4,557	2,827	136
Other debtors . . . . .	4,804	5,980	443
Prepayments and accrued income . . . . .	1,812	1,736	164
	<u>11,173</u>	<u>10,543</u>	<u>743</u>

### 16 Creditors: amounts falling due within one year

	At 30 September 2001 (Audited)	At 30 September 2000 (Restated) <sup>(1)</sup>	At 30 September 2000 (Audited)	At 30 September 1999 (Audited)
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Bank Overdrafts . . . . .	—	—	—	70
Trade creditors . . . . .	12,421	10,250	10,250	852
Corporation Tax . . . . .	—	—	—	1
Other taxes and social security costs . . . . .	1,157	1,788	1,788	84
Other creditors . . . . .	1,796	331	331	1,111
Consideration payable in relation to acquisition of subsidiary undertaking . . . . .	6,185	21,350	21,350	—
Accruals and deferred income . . . . .	4,841	4,644	4,582	121
Accrued preference dividend . . . . .	—	—	—	50
	<u>26,400</u>	<u>38,363</u>	<u>38,301</u>	<u>2,289</u>

(1) See note 13.

### 17 Creditors: amounts falling due after more than one year

	At 30 September 2001	At 30 September 2000	At 30 September 1999
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Deferred consideration for purchase of a subsidiary undertaking . . . . .	—	6,031	—

## 18 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	At 30 September 2001	At 30 September 2000	At 30 September 1999
	£'000	£'000	£'000
Operating leases for land and buildings which expire:			
Within one year . . . . .	305	—	—
In two to five years . . . . .	854	2,771	315
Over five years . . . . .	319	—	—
Other operating leases which expire:			
Within one year . . . . .	153	—	—
In two to five years . . . . .	109	—	—

## 19 Provisions for liabilities and charges

	National Insurance on granted options	Onerous contract	Other	Total
	£'000	£'000	£'000	£'000
At 1 October 1998 . . . . .	—	—	—	—
Provided . . . . .	600	—	14	614
At 30 September 1999 . . . . .	600	—	14	614
Provided during the year . . . . .	88	—	202	290
Acquisitions during the year . . . . .	—	452	54	506
At 30 September 2000 . . . . .	688	452	270	1,410
Provided during the year . . . . .	33	—	267	300
Utilised during the year . . . . .	(94)	(148)	(161)	(403)
Released during the year . . . . .	(601)	—	(163)	(764)
At 30 September 2001 . . . . .	26	304	213	543

The Group provides for National Insurance contributions on options granted. A provision is made at a rate of 12.2% over the vesting period of the options on the difference between the period end share value and the grant price, being the Group's best estimate of the ultimate liability at each period end. This provision is utilised as options are exercised.

A provision is recognised for an onerous lease contract in the Degriktour Group, and is based on the future charges of the lease over the remaining one and a half years of the lease.

Other includes the provision for award minutes which are expected to be utilised over a period of three years.

## 20 Financial instruments

The Group's financial instruments comprise trade and other debtors, trade and other creditors, accruals, deferred consideration in relation to the purchase of the Degriktour Group, cash and short term deposits and forward currency exchange contracts.

As permitted by FRS 13, Derivatives and Other Financial Instruments: Disclosures, amounts dealt with in the numerical disclosures in this note, with the exception of the currency analysis, exclude short term debtors and creditors.

### *Interest rate risk*

The Group held significant cash balances at 30 September 2001, 30 September 2000 and 30 September 1999.

The majority of these are held on short-term deposits with AAA/AA rated credit institutions. This earns interest at a floating rate that follows LIBOR.

## Part II—Financial Information on the lastminute.com Group

Non-equity share capital was converted into equity share capital during 2000. All outstanding liabilities associated with the shares were waived by Shareholders upon conversion.

No interest is payable in relation to the financial liability which has arisen as a result of deferring payment for the acquisition of the Degriftour Group of companies.

### *Liquidity risk*

The Group's policy has previously been to finance its operations and expansion through the sale of equity and non-equity share capital. On 21 March 2000, the Company completed an initial public offering of Ordinary Shares. Consequently the Group's policy is to hold cash in appropriate short term funds to enable it to finance its operations and expansion.

### *Currency risk: structural*

As a result of the significant investment in its French subsidiaries, the Group's balance sheet could be significantly affected by movements in the Euro/Sterling exchange rate. The Group has not sought to hedge against this structural currency risk due to the reasonably stable nature of the relationship between the two currencies. Other operations denominated in foreign currencies giving rise to structural currency exposure are not significant to the Group at this time; as such the Group does not hedge against these currency risks.

### *Currency risk: transactional*

The Group faces transactional exposure in respect of costs and revenues denominated in currencies other than the transacting company's functional currency (see table below).

During the three years ending 30 September 2001 the Group did not seek to hedge this exposure apart from in the Degriftour Group, where US Dollar exposures may be hedged in accordance with Degriftour's exchange rate policy as stated elsewhere in this note.

Interest rate profile of financial assets (all are based on floating rates at market rates linked to LIBOR):

	<b>Total net cash at floating rates</b>
	<b>£'000</b>
At 30 September 2001	
Sterling . . . . .	32,098
US Dollars . . . . .	1,162
Euro . . . . .	13,199
Swedish Krona . . . . .	131
Australian Dollars . . . . .	27
	<u>46,617</u>
At 30 September 2000	
Sterling . . . . .	72,439
US Dollars . . . . .	2,676
Euro . . . . .	28,493
Swedish Krona . . . . .	80
	<u>103,688</u>
At 30 September 1999	
Sterling . . . . .	3,014
US Dollars . . . . .	1,105
Euro . . . . .	122
Swedish Krona . . . . .	8
	<u>4,249</u>

Interest rate profile of financial liabilities:

	<b>Financial liabilities on which no interest is paid</b>
	<b>£'000</b>
At 30 September 2001	
Euro .....	101
At 30 September 2000	
Euro .....	6,335
At 30 September 1999	
Euro .....	—

The weighted average period of the financial liabilities for the year ended 30 September 2001 is 1.3 years (2000: 1.1 years, 1999: n/a).

**Currency risks**

The table below shows the Group's currency exposure; in other words those transactional exposures that give rise to net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of operations.

	<b>Euro</b>	<b>US Dollar</b>	<b>Swedish Krona</b>	<b>Australian Dollar</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 30 September 2001					
Functional currency of Group operations Sterling .....	7,252	1,162	65	27	8,506
At 30 September 2000					
Functional currency of Group operations Sterling .....	27,119	2,676	2	—	29,797
At 30 September 1999					
Functional currency of Group operations Sterling .....	130	1,105	—	—	1,235
Euro .....	203	—	—	—	203
					1,438

**Fair values of financial assets and financial liabilities**

	<b>Book value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>
At 30 September 2001		
Cash .....	46,617	46,617
Onerous lease contract .....	(101)	(101)
Forward foreign currency contracts .....	—	(4)
	<b>Book value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>
At 30 September 2000		
Cash .....	103,688	103,688
Deferred consideration payable .....	(6,031)	(6,031)
Onerous lease contract .....	(304)	(304)
	<b>Book value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>
At 30 September 1999		
Cash .....	4,319	4,319
Overdraft .....	(70)	(70)
Preference A Shares .....	500	20,941
Preference B Shares .....	5,692	34,153



## Part II—Financial Information on the lastminute.com Group

<u>Issued</u>	<u>Ordinary</u>		<u>Preference A</u>		<u>Preference B</u>		<u>Total</u>
	<u>No.</u>	<u>£'000</u>	<u>No.</u>	<u>£'000</u>	<u>No.</u>	<u>£'000</u>	<u>£'000</u>
£2.85 Preference A and B Shares converted into £0.01 Ordinary Shares . . . . .	81,592,935	816	(84,806)	(242)	(201,485)	(574)	—
£0.01 Ordinary Shares issued in the Initial Public Offering . . . . .	33,000,000	330	—	—	—	—	330
£0.01 Ordinary Shares issued in the consideration for provision of services . . .	66,690	1	—	—	—	—	1
Options exercised . . . . .	241,724	2	—	—	—	—	2
At 30 September 2000 . . . . .	150,574,229	1,505	—	—	—	—	1,505
Share options exercised . . . . .	2,661,801	27	—	—	—	—	27
Consideration for acquisition of Degriftour .	19,700,000	197	—	—	—	—	197
Consideration for acquisition of Urbanbite .	442,151	4	—	—	—	—	4
At 30 September 2001 . . . . .	<u>173,378,181</u>	<u>1,733</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,733</u>

On 21 May 1999, the Group converted a £350,000 bridge loan into Preference B Shares. The loan was an 8 per cent. unsecured convertible loan, convertible at the holders' option at a 25 per cent. discount to the fair value of the share price at the date of conversion.

As explained in more detail in note 1, the Group reconstruction has been accounted for in accordance with the principles of merger accounting. For this reason the consolidated balance sheet as at 30 September 1999 has been restated to reflect the effect of the merger, which resulted in a share for share exchange.

On 4 February 2000 the Group completed a private placement of 49,856 Preference B Shares with a number of strategic partners for approximately £19.0 million. In addition, £6.2 million was raised through the issue of Ordinary Shares, Preference A Shares and Preference B Shares to existing shareholders.

On 15 February 2000 the Group affected a bonus issue of 284 Ordinary Shares for each existing Ordinary Share held by capitalising £355,000 of its share premium account.

On 21 March 2000 the Group completed its initial public offering of 33 million Ordinary Shares, raising approximately £125.4 million before expenses.

On 30 September 2000 the Group obtained control of the Degriftour Group of companies as explained in detail in note 14. 19,700,000 Ordinary £0.01 Shares were issued as part consideration on 23 October 2000.

During the year to 30 September 2001 the Company issued 2,661,801 ordinary shares following the exercise of options under the various share option schemes operated by the Company. In addition 442,151 ordinary shares were issued in respect of the acquisition of Urbanbite Limited in July 2001.

Outstanding options under the Company's various share schemes at 30 September 2001 were 19,822,711 shares (2000: 16,792,539 shares, 1999: 10,995,015 shares). These options, which vest over a three year period, are exercisable at various dates between 2001 and 2011 at various exercise prices between 2.31p and 218p per share, and at an average weighted exercise price of 43.85p per share.

### ***Warrants***

On 31 January 2000 and 14 February 2000 the Group executed performance-based warrant instruments pursuant to which the Group may grant warrants to acquire up to 5,544,675 and 5,543,250 ordinary shares to each of Lufthansa and Virgin Atlantic Airways respectively. The granting of warrants, at the end of five six-month measuring periods commencing on 1 January 2000 and 1 March 2000 respectively, was dependent upon specified levels of ticket sales being achieved for each period through the Group's website. Each warrant will be exercisable at a price of 37p per share during a 60-day period commencing three years after the date of the grant. The Group may terminate the warrant instruments in certain circumstances if the relevant airline fails to meet minimum levels of sales in the first two measuring periods.

As at 30 September 2001 the Group had not granted any warrants under either warrant instrument.

22 Reconciliation of shareholders' funds and movement on reserves

Group	Share capital	Share premium account	Profit and loss account	Other reserves	Merger reserve	Shares to be issued	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 October 1998	2	599	(296)	—	—	—	305
Shares issued	1	6,125	—	—	—	—	6,126
Loss for the year	—	—	(4,540)	—	—	—	(4,540)
Share-based compensation	—	—	—	672	—	—	672
Transfer relating to options exercised	—	—	10	(10)	—	—	—
At 30 September 1999	3	6,724	(4,826)	662	—	—	2,563
Merger adjustment	—	(6,724)	—	—	6,724	—	—
On 1 October 1999	3	—	(4,826)	662	6,724	—	2,563
Shares issued in Last Minute Network Limited	1	29,004	—	—	—	—	29,005
Bonus issue	355	(355)	—	—	—	—	—
Share conversion	813	(813)	—	—	—	—	—
Merger adjustment	—	(27,836)	—	—	27,836	—	—
Shares issued	331	112,910	—	—	—	—	113,241
Loss for the period	—	—	(35,748)	—	—	—	(35,748)
Foreign currency translation differences	—	—	22	—	—	—	22
Share-based compensation	—	—	—	4,582	—	—	4,582
Shares issued as options	2	13	—	—	—	—	15
Transfer relating to options exercised	—	—	41	(41)	—	—	—
Write back of preference A dividend	—	—	47	—	—	—	47
Consideration in relation to purchase of subsidiary undertaking	—	—	—	—	27,186	197	27,383
At 30 September 2000	1,505	112,923	(40,464)	5,203	61,746	197	141,110
Prior year adjustment	—	—	184	—	—	—	184
As restated	1,505	112,923	(40,280)	5,203	61,746	197	141,294
Loss for the year	—	—	(53,588)	—	—	—	(53,588)
Foreign currency translation differences	—	—	(414)	—	—	—	(414)
Gain arising on the establishment of joint venture	—	—	202	—	—	—	202
Consideration in relation to purchase of:							
Degriftour Group	197	—	—	—	—	(197)	—
Urbanbite Limited	4	—	—	—	146	—	150
Shares issued	—	—	—	—	—	—	—
Shares issued as options	27	162	—	—	—	—	189
Other	—	(102)	—	—	—	—	(102)
Share-based compensation	—	—	—	1,181	—	—	1,181
At 30 September 2001	1,733	112,983	(94,080)	6,384	61,892	—	88,912

The Group and Company have taken advantage of the relief provided by Section 131 of the Companies Act 1985 from setting up a share premium account for the shares issued in respect of the acquisition of Last Minute Network Limited and those in respect of the acquisition of the Degriftour Group and Urbanbite Limited.

On 21 May 1999, the Group converted a £350,000 bridge loan into Preference B Shares. The loan was an 8 per cent. unsecured convertible loan, convertible at the holders' option at a 25 per cent. discount to the fair value of the share price at the date of conversion.

As explained in more detail in Note 1, the Group reconstruction has been accounted for in accordance with the principles of merger accounting. For this reason the consolidated balance sheet as at 30 September 1999 has been restated to reflect the effect of the merger, which resulted in a share for share exchange.

On 4 February 2000 the Group completed a private placement of 49,856 Preference B Shares with a number of strategic partners for approximately £19.0 million. In addition, £6.2 million was raised through the issue of Ordinary Shares, Preference A Shares and Preference B Shares to existing shareholders.

On 15 February 2000 the Group affected a bonus issue of 284 Ordinary Shares for each existing Ordinary Share held by capitalising £355,000 of its share premium account.

On 21 March 2000 the Group completed its initial public offering of 33 million Ordinary Shares, raising approximately £125.4 million before expenses.

On 30 September 2000 the Group obtained control of the Degriftour Group of companies as explained in detail in Note 14. 19,700,000 Ordinary £0.01 Shares were issued as part consideration on 23 October 2000.

## 23 Notes to the statement of cash flows

### (a) Reconciliation of operating loss to net cash outflow from operating activities

	Year ended 30 September 2001	Year ended 30 September 2000	Year ended 30 September 1999
	£'000	£'000	£'000
Operating loss . . . . .	(56,994)	(39,451)	(4,567)
Depreciation . . . . .	8,744	1,317	33
Amortisation of goodwill . . . . .	14,660	—	—
Increase in debtors . . . . .	(451)	(5,732)	(694)
Decrease/(increase) in stocks . . . . .	12	(51)	(1)
Increase in creditors . . . . .	3,155	4,686	2,039
(Decrease)/increase in provisions . . . . .	(867)	290	614
Foreign exchange losses . . . . .	(493)	(293)	—
Share-based compensation . . . . .	1,181	4,582	672
Profit on sale of fixed assets . . . . .	(26)	—	—
<b>Net cash outflow from operating activities . . . . .</b>	<b><u>(31,079)</u></b>	<b><u>(34,652)</u></b>	<b><u>(1,904)</u></b>

### (b) Analysis of net cash position

	At 1 October 1998	Cash flow	At 30 September 1999	Cash flow	At 30 September 2000	Cash flow	Exchange differences	At 30 September 2001
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank . . . . .	368	3,951	4,319	96,822	101,141	(58,718)	145	42,568
Short term deposits <sup>(1)</sup> . . . . .	—	—	—	2,547	2,547	1,502	—	4,049
Bank overdraft . . . . .	—	(70)	(70)	70	—	—	—	—
	<u>368</u>	<u>3,881</u>	<u>4,249</u>	<u>99,439</u>	<u>103,688</u>	<u>(57,216)</u>	<u>145</u>	<u>46,617</u>

(1) Short term deposits are included with cash at bank and in hand in the balance sheet.

### (c) Liquid resources

Liquid resources comprise money held by the Group's bankers on short term deposits totalling £4.0 million. £2.1 million of this is held as a financial guarantee for the Group to comply with the Civil Aviation Authority's terms and conditions on an Air Travel Organiser's Licence and £1.3 million in relation to IATA.

## 24 Commitments and contingencies

The Group had a number of guarantees on behalf of its subsidiary undertakings, which totalled £4.0 million at 30 September 2001. The amount comprises principally of £2.1 million which has been made as a guarantee to the Civil Aviation Authority in relation to meeting obligations in respect of its Air Travel Organiser's Licence and £1.3 million to IATA.

## 25 Related party transactions

There have been no related party transactions entered into during the three year period ended 30 September 2001.

## 26 Post balance sheet event

On 22 October 2001 the guarantee in respect of the Air Travel Organiser's Licence was reduced by £2.0 million to £0.1 million.

lastminute.com plc

**INTERIM REPORT FOR THE NINE MONTHS ENDED 30 JUNE 2002**

The full text of the unaudited consolidated interim report of lastminute.com plc for the nine months ended 30 June 2002, as announced on 7 August 2002, is set out below:

**“QUARTER 3 FINANCIAL RESULTS AND STATEMENT**

**CONTINUED GROWTH IN OPERATIONAL PROFITABILITY IN UK AND FRANCE**

lastminute.com today announces strong Quarter 3 results for the three months to 30 June 2002.

- **Customer conversion rate improves to 20.7% from 12.4% in Quarter 3 2001 and from 18.3% in Quarter 2 2002 respectively and cumulative customer numbers since inception are now at record levels, in excess of 1.0 million**
- **Total transaction value for the Quarter grew by 108.4% year on year and 49.8% quarter on quarter to £61.0 million (Q3 2001: £29.3m, Q2 2002: £40.8m)**
- **Gross profit for the Quarter grew by 90.9% year on year and 28.5% quarter on quarter to £7.9 million (Q3 2001: £4.1m, Q2 2002: £6.1m)**
- **EBITDA loss reduced to £1.9 million for the Quarter, a reduction of 75.6% year on year and 39.9% quarter on quarter (Q3 2001: loss £7.8m, Q2 2002: loss £3.2m)**
- **Loss (before goodwill amortisation and taxation) down 57.0% year on year and 24.5% quarter on quarter to £4.0 million (Q3 2001: loss £9.3m, Q2 2002: loss £5.3m)**
- **Operating cash outflow of £3.2 million for the Quarter, a reduction of 62.2% year on year (Q3 2001: £8.6m). The increased operating cash outflow quarter on quarter of £1.9 million is in line with expectations (Q2 2002: £1.4m)**
- **Cash balance grows to £41.5 million at 30 June 2002**
- **In July 2002 lastminute.com plc announced the proposed acquisition of Travelprice.com SA, one of the largest online travel and leisure providers in France and Italy**

**Commenting on the results**

**Allan Leighton, Chairman, said:**

“These results demonstrate the further shift towards Group profitability and positive cashflow. All metrics show underlying improvement and development.”

**Brent Hoberman, Chief Executive Officer, added:**

“The integration of Travelex and The Destination Group is progressing well and will be completed by 30 September 2002. This Quarter has been key in terms of the strategic acquisitions, which will add considerably to shareholder value and create a step change in the scale of the business.”

Financial Highlights (£'000s)

<u>Year on year</u>	<u>Quarter ended 30 June 2002</u>	<u>Quarter ended 30 June 2001</u>	<u>Growth</u>
Registered subscribers at Quarter end . . . . .	<b>5,603,890</b>	3,514,027	<b>59.5%</b>
Cumulative unique customers since inception <sup>(1)</sup> . . . . .	<b>1,016,932</b>	410,561	<b>147.7%</b>
New unique customers in the Quarter . . . . .	<b>197,020</b>	86,814	<b>126.9%</b>
Number of items sold in the Quarter . . . . .	<b>428,765</b>	205,138	<b>109.0%</b>
Total transaction value (departure based) <sup>(2)</sup> . . . . .	<b>£61,044</b>	£29,294	<b>108.4%</b>
Total turnover (incl. share of joint ventures)	<b>£8,382</b>	£4,413	<b>89.9%</b>
Gross profit . . . . .	<b>£7,883</b>	£4,129	<b>90.9%</b>
Gross margin . . . . .	<b>12.9%</b>	14.1%	<b>Down 1.2 percentage points</b>
EBITDA . . . . .	<b>£(1,900)</b>	£(7,776)	<b>Loss down 75.6%</b>
Loss (excl. goodwill amortisation) before taxation . . . . .	<b>£(3,997)</b>	£(9,288)	<b>Loss down 57.0%</b>
Operating cash outflow . . . . .	<b>£(3,236)</b>	£(8,562)	<b>Outflow down 62.2%</b>
 <u>Quarter on quarter</u>	 <u>Quarter ended 30 June 2002</u>	 <u>Quarter ended 31 March 2002</u>	 <u>Growth</u>
Registered subscribers at Quarter end . . . . .	<b>5,603,890</b>	5,023,567	<b>11.6%</b>
Cumulative unique customers since inception <sup>(1)</sup> . . . . .	<b>1,016,932</b>	819,912	<b>24.0%</b>
New unique customers in the Quarter . . . . .	<b>197,020</b>	150,362	<b>31.0%</b>
Number of items sold in the Quarter . . . . .	<b>428,765</b>	358,569	<b>19.6%</b>
Total transaction value (departure based) <sup>(2)</sup> . . . . .	<b>£61,044</b>	£40,752	<b>49.8%</b>
Total turnover (incl. share of joint ventures)	<b>£8,382</b>	£6,764	<b>23.9%</b>
Gross profit . . . . .	<b>£7,883</b>	£6,133	<b>28.5%</b>
Gross margin . . . . .	<b>12.9%</b>	15.0%	<b>Down 2.1 percentage points</b>
EBITDA . . . . .	<b>£(1,900)</b>	£(3,159)	<b>Loss down 39.9%</b>
Loss (excl. goodwill amortisation) before taxation . . . . .	<b>£(3,997)</b>	£(5,296)	<b>Loss down 24.5%</b>
Operating cash outflow . . . . .	<b>£(3,236)</b>	£(1,350)	<b>Outflow up 139.7%</b>
Cash balance at Quarter end . . . . .	<b>£41,512</b>	£34,747	<b>Up 19.5%</b>

(1) Only includes Degriktour, Travelect and The Destination Group's unique customers since acquisition in October 2000, April 2002 and June 2002 respectively.

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

## **OPERATIONAL REVIEW**

### **Continued growth in subscribers, customers and conversion**

Quarter on quarter, and year on year, we have seen further significant increases in the number of subscribers, customers and the conversion of lookers to bookers. Subscriber numbers are now in excess of 5.6 million which represents an increase of 59.5% year on year and 11.6% Quarter 3 on Quarter 2.

Further enhancements to the breadth of supply, together with a broader product offering supplemented by the acquisitions of Travelex and The Destination Group, have led to customer numbers reaching record levels during the Quarter. The cumulative number of unique customers since inception, at 30 June 2002, has grown by 147.7% year on year to over 1.0 million.

Continued technological improvements to the website contribute to delivering improved conversion rates which at 30 June 2002 have risen to 20.7% from 18.3% and 12.4% at 31 March 2002 and 30 June 2001 respectively.

### **Continued growth in total transaction value and gross profit**

Total transaction value (TTV) for the Quarter was £61.0 million (Q3 2001: £29.3m), representing an increase of 108.4% over the equivalent period of the prior year and 49.8% quarter on quarter (Q2 2002: £40.8m). The value of forward bookings deferred at the end of Quarter 3 stood at a record quarter end level of £30.0 million for the Group; this amount has increased significantly due to the inclusion for the first time this Quarter end of deferred bookings for Travelex and The Destination Group.

Turnover, including our share of joint ventures, for Quarter 3 was £8.4 million (Q3 2001: £4.4m), which represents an increase of 89.9% over the equivalent period of the prior year and 23.9% quarter on quarter (Q2 2002: £6.8m).

As expected, the gross margin percentage reduced Quarter 3 on Quarter 2 from 15.0% to 12.9% and from 14.1% Quarter 3 2001. This fall in gross margin recognises the mix impact of the lower margins generated by flight sales compared to other categories following the acquisition of Travelex and the accelerated growth of other lower margin categories. On a like for like basis margins in the core underlying businesses were 1.0% higher than one year ago. Advertising, sponsorship and commercial revenues have continued to increase significantly from the level seen in previous quarters.

### **Growing operational profitability continues in our key UK and French businesses together with an on-going reduction in Group net losses**

After reaching operational profitability in Quarter 2, our key UK and French businesses continue on track and have delivered increased operational profitability during Quarter 3, before any contributions from acquisitions. Ongoing growth in business volumes and a continued focus on cost controls have contributed to this growing positive trend.

In addition, we have reduced the Group's net loss (before goodwill amortisation) for the Quarter from £5.3 million in Quarter 2 to £4.0 million, a reduction of 24.5%.

### **Acquisition and integration of Travelex and The Destination Group**

Following the acquisitions of Travelex and The Destination Group in April and June 2002 respectively, the results of these operations have been included for the first time in Quarter 3.

These acquisitions further complement and enhance operating profits in the UK. In addition, the Group will benefit from further cost synergies and growth in gross profit once the integrations are complete. The integration of these businesses is progressing well and the creation of a single global travel unit, located in our Farringdon office, is scheduled to be completed by the end of September 2002. This unit will deliver substantial operational gains from the efficient management of a single travel call centre.

Both acquisitions cement further the relationships with key airline and hotel suppliers. The Destination Group strengthens the lastminute.com product portfolio by providing tailor-made holiday solutions for clients for both long haul destinations and city breaks.

### **Strategic investment and partnership with LCC24, the online vehicle for Lufthansa City Center (LCC)**

In June 2002 we announced the formation of a strategic partnership in Germany with LCC24, the newly established online travel agency for Lufthansa City Center, with a view to creating the largest online travel

agency in Germany. lastminute.com plc has acquired 20% of LCC24 for £2.4 million, satisfied by the issue of new shares in lastminute.com.

This transaction will, through LCC, strengthen the already established position of lastminute.com GmbH by providing offline and in-store marketing in LCC's 530 travel agencies and access to 4.0 million customers in over 300 major German cities. In addition, LCC will provide customers of lastminute.com GmbH and LCC24 access to its travel agencies and kiosks for the collection of tickets and travel wallets and the local payment of invoices.

#### **Proposed acquisition of Travelprice.com SA by lastminute.com plc**

In July 2002, we announced the proposed acquisition of Travelprice.com SA, one of the largest online travel and leisure providers in France and Italy.

The acquisition will involve the issue of up to 34,645,088 new lastminute.com shares in exchange for the outstanding shares of Travelprice.com of which 27,999,940 are expected to be issued at completion and the majority of the balance on or before 28 February 2003 following the exercise of outstanding Travelprice.com warrants and places a value on Travelprice.com of £31.9 million (approximately €49.6 million).

An Extraordinary General Meeting will be held on 27 August 2002 for shareholders to authorise the issue of new shares.

#### **lastminute.com launches in Japan**

In June 2002 lastminute.com was launched in Japan as part of a joint venture agreement between Kinki Nippon Tourist Co. Ltd, Nippon Travel Agency Co. Ltd, Mitsubishi Corporation/MC Capital Fund, Credit Saison Co. Ltd and Japan Efund.

Due to the strength of its commercial partners in Japan, lastminute.co.jp has managed to source an extensive range of last minute products and services in just four months since completion of the joint venture agreement.

#### **Continued brand development**

lastminute.com remains the No. 1 independent travel site across six European countries (NetValue June 2002). The proposed acquisition of Travelprice.com will further cement the positions in France and Italy.

#### **Outlook**

As we enter our seasonally strongest fourth quarter, we are well positioned to deliver continued business growth and move towards overall Group profitability and positive operating cashflow.

#### **Brent Hoberman**

Chief Executive Officer

#### **Martha Lane Fox**

Group Managing Director

7 August 2002

## **FINANCIAL REVIEW**

### **Total transaction value (TTV), turnover and gross margins**

TTV for Quarter 3 was £61.0 million (Q3 2001: £29.3m, Q2 2002: £40.8m), representing an increase of 108.4% and 49.8% over the equivalent period of the prior year and prior quarter respectively. Turnover including our share of joint ventures for the Quarter totalled £8.4 million (Q3 2001: £4.4m, Q2 2002: £6.8m), which is an increase of 89.9% and 23.9% year on year and quarter on quarter respectively. Gross profit for the Quarter was £7.9 million (Q3 2001: £4.1m, Q2 2002: £6.1m) representing an increase of 90.9% and 28.5% year on year and quarter on quarter respectively.

TTV for the nine months ended 30 June 2002 was £133.5 million representing an increase of 72.7% over the equivalent period of the prior year (9 months ended 30 June 2001: £77.3m). Turnover including our share of joint ventures for the nine months ended 30 June 2002 was £19.9 million representing an increase of 74.6% over the equivalent period of the prior year (9 months ended 30 June 2001: £11.4m). Gross profit for the nine months ended 30 June 2002 was £18.5 million representing an increase of 71.7% over the equivalent period of the prior year (9 months ended 30 June 2001: £10.8m).

### **Continuing focus on cost base**

Ongoing efficiency improvements, together with the benefit from cost reduction programmes introduced in the second half of the last financial year, are delivering substantial reductions in operating costs. Despite the inclusion for the first time this quarter of the Travelselect and The Destination Group businesses, the Group's total operating costs before depreciation and goodwill amortisation have fallen compared with the same quarter in the prior year by £2.1 million (17.8%) to £9.8 million. Overall operating costs before depreciation and goodwill amortisation have, as planned, increased marginally by £0.5 million quarter on quarter, due to ongoing investments in core technology and the inclusion of costs from the acquisitions.

Compared with Quarter 2 2002 general and administration costs remained broadly unchanged at £3.1 million. Product development costs have, as planned, risen to £1.9 million and sales and marketing costs have also as planned, increased by 10.8% to £6.0 million. The increased sales and marketing costs are in line with our expectations and represent increases in seasonal marketing activity positioning the Group for the key quarter 4, and costs from acquired businesses.

At the time of the preliminary announcement in November 2001 we announced that we would reduce the cash cost base of the Group by £10.0 million, or approximately 20%, during the new financial year. At the end of Quarter 3 2002 year-to-date like-for-like cash costs have fallen by £8.8 million.

### **Significant EBITDA improvements**

Losses before interest, taxation, depreciation and goodwill amortisation have reduced by 39.9% Quarter 3 on Quarter 2 to £1.9 million and year on year by 75.6%. These substantial improvements continue to be delivered through increased sales, significant cost efficiencies and the delivery of profits and synergies arising from the recent acquisitions.

### **Operating loss improvements**

Quarter 3 operating losses of £9.0 million are a reduction of 34.2% from the level seen in the equivalent quarter of the previous year (Q3 2001: £13.7 million).

### **Cashflow**

Operating cash outflow, as expected, increased quarter on quarter to £3.2 million, from £1.4 million for the prior quarter. Year on year the operating cash outflow for the quarter fell from £8.6 million to £3.2 million, a reduction of 62.2%. We indicated at the time of releasing our Quarter 2 results that cash outflow for Quarter 3 would increase over Quarter 2 due to the timing of payments for capital expenditure and payments in connection with planned increased marketing expenditure paid for in Quarter 3 with the benefit being delivered in Quarter 4.

During Quarter 3 we paid a further £0.2 million as part of the investment in our Japanese joint venture, settled a further £0.5 million in connection with professional fees related to acquisitions and received a net £10.6 million in cash from the acquisitions of Travelex and The Destination Group.

The overall cash balance grew to £41.5 million at the end of the Quarter (Q3 2002: £34.7m).

**David Howell**  
Chief Financial Officer

7 August 2002

**INDEPENDENT REVIEW REPORT to lastminute.com plc**

**Introduction**

We have been instructed by the company to review the financial information for the three and nine months ended 30 June 2002, which comprises the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and the related notes 1 to 5. 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 directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which 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 "Review of interim financial information" issued by the Auditing Practices Board for use in the United Kingdom. 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 United Kingdom 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 three and nine months ended 30 June 2002.

Ernst & Young LLP  
London

7 August 2002

Part II—Financial Information on the lastminute.com Group

	Quarter ended 30 June 2002	Quarter ended 30 June 2001	Quarter ended 31 March 2002	9 months ended 30 June 2002	9 months ended 30 June 2001
	£000s (Unaudited)	£000s (Unaudited)	£000s (Unaudited)	£000s (Unaudited)	£000s (Unaudited)
<b>Total transaction value (departure based)<sup>(1)</sup></b>	<b>61,044</b>	<b>29,294</b>	<b>40,752</b>	<b>133,527</b>	<b>77,332</b>
<b>Consolidated profit and loss account</b>					
<b>Turnover</b>					
Group and share of joint ventures	8,382	4,413	6,764	19,920	11,409
Less: share of joint ventures	(44)	—	(41)	(132)	—
Continuing Operations:					
Ongoing	6,743	4,413	6,723	18,193	11,409
Acquisitions	1,595	—	—	1,595	—
<b>Group turnover</b>	<b>8,338</b>	<b>4,413</b>	<b>6,723</b>	<b>19,788</b>	<b>11,409</b>
Cost of sales	455	284	590	1,311	650
<b>Gross profit</b>	<b>7,883</b>	<b>4,129</b>	<b>6,133</b>	<b>18,477</b>	<b>10,759</b>
<b>Operating costs</b>					
Product development	1,932	1,371	1,527	5,020	5,441
Sales and marketing	6,015	6,482	5,431	16,497	20,852
General and administration	3,094	3,872	3,004	9,064	11,672
Non-cash share-based compensation	(1,397)	323	(834)	(2,269)	1,235
National Insurance provision	139	(143)	164	328	(572)
<b>Operating costs before depreciation and goodwill amortisation</b>	<b>9,783</b>	<b>11,905</b>	<b>9,292</b>	<b>28,640</b>	<b>38,628</b>
<b>EBITDA</b>	<b>(1,900)</b>	<b>(7,776)</b>	<b>(3,159)</b>	<b>(10,163)</b>	<b>(27,869)</b>
Depreciation	2,240	2,228	2,265	6,864	6,456
Goodwill amortisation	4,730	3,665	3,665	12,060	10,995
<b>Operating loss</b>					
Continuing Operations:					
Ongoing	(9,014)	(13,669)	(9,089)	(29,231)	(45,320)
Acquisitions	144	—	—	144	—
<b>Group operating loss</b>	<b>(8,870)</b>	<b>(13,669)</b>	<b>(9,089)</b>	<b>(29,087)</b>	<b>(45,320)</b>
Share of operating loss in joint ventures	(154)	(42)	(91)	(332)	(140)
Share of operating loss in associate	(1)	—	—	(1)	—
<b>Total operating loss: Group and share of joint ventures</b>	<b>(9,025)</b>	<b>(13,711)</b>	<b>(9,180)</b>	<b>(29,420)</b>	<b>(45,460)</b>
Interest receivable	314	760	236	937	2,793
Interest payable and similar charges	(16)	(2)	(17)	(46)	(33)
<b>Loss on ordinary activities before taxation</b>	<b>(8,727)</b>	<b>(12,953)</b>	<b>(8,961)</b>	<b>(28,529)</b>	<b>(42,700)</b>
Taxation on loss on ordinary activities	—	392	—	—	392
<b>Loss on ordinary activities after taxation</b>	<b>(8,727)</b>	<b>(12,561)</b>	<b>(8,961)</b>	<b>(28,529)</b>	<b>(42,308)</b>
<b>Loss per share:</b>					
<b>Basic and diluted</b>	<b>(4.58)p</b>	<b>(7.32)p</b>	<b>(5.14)p</b>	<b>(15.90)p</b>	<b>(25.01)p</b>
<b>Weighted number of Ordinary Shares outstanding</b>	<b>190,622,957</b>	<b>171,684,506</b>	<b>174,305,296</b>	<b>179,457,723</b>	<b>169,157,766</b>

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

## CONSOLIDATED BALANCE SHEET

	At 30 June 2002 £000s (Unaudited)	At 30 June 2001 £000s (Unaudited)	At 31 March 2002 £000s (Unaudited)	At 30 September 2001 £000s (Audited)
<b>FIXED ASSETS</b>				
Intangible assets . . . . .	60,136	47,642	36,661	43,992
Tangible assets . . . . .	11,211	14,816	11,048	13,656
Investments—joint ventures				
—gross assets . . . . .	1,138	359	827	455
—gross liabilities . . . . .	(335)	(42)	(189)	(78)
—total joint ventures . . . . .	803	317	638	377
—associates . . . . .	19	—	—	—
Total investments . . . . .	822	317	638	377
<b>Total fixed assets . . . . .</b>	<b>72,169</b>	<b>62,775</b>	<b>48,347</b>	<b>58,025</b>
<b>CURRENT ASSETS</b>				
Stock . . . . .	59	102	107	40
Debtors . . . . .	12,196	13,892	9,893	11,173
Cash at bank and in hand . . . . .	41,512	53,298	34,747	46,617
	53,767	67,292	44,747	57,830
<b>CREDITORS: amounts falling due within one year . . . . .</b>	<b>(44,285)</b>	<b>(28,595)</b>	<b>(24,172)</b>	<b>(26,400)</b>
<b>NET CURRENT ASSETS . . . . .</b>	<b>9,482</b>	<b>38,697</b>	<b>20,575</b>	<b>31,430</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .</b>	<b>81,651</b>	<b>101,472</b>	<b>68,922</b>	<b>89,455</b>
<b>CREDITORS: amounts falling due after more than one year . . . . .</b>	<b>(78)</b>	<b>(149)</b>	<b>(116)</b>	<b>—</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES . . . . .</b>	<b>(757)</b>	<b>(1,226)</b>	<b>(554)</b>	<b>(543)</b>
<b>TOTAL NET ASSETS . . . . .</b>	<b>80,816</b>	<b>100,097</b>	<b>68,252</b>	<b>88,912</b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital . . . . .	2,068	1,717	1,743	1,733
Share premium account . . . . .	115,827	112,989	112,950	112,983
Profit and loss account . . . . .	(122,971)	(82,793)	(113,845)	(94,080)
Merger reserve . . . . .	81,777	61,746	61,892	61,892
Other reserves . . . . .	4,115	6,438	5,512	6,384
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS . . . . .</b>	<b>80,816</b>	<b>100,097</b>	<b>68,252</b>	<b>88,912</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Quarter ended 30 June 2002	Quarter ended 30 June 2001	Quarter ended 31 March 2002	9 months ended 30 June 2002	9 months ended 30 June 2001
	£000s (Unaudited)	£000s (Unaudited)	£000s (Unaudited)	£000s (Unaudited)	£000s (Unaudited)
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b> . . . . .	<b>(2,007)</b>	<b>(7,620)</b>	<b>(485)</b>	<b>(6,042)</b>	<b>(24,978)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received . . . . .	<u>314</u>	<u>760</u>	<u>236</u>	<u>937</u>	<u>2,793</u>
Interest paid . . . . .	<u>(16)</u>	<u>(2)</u>	<u>(17)</u>	<u>(46)</u>	<u>(15)</u>
<b>Net returns on investments and servicing of finance</b> . . . . .	<u>298</u>	<u>758</u>	<u>219</u>	<u>891</u>	<u>2,778</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Payments to acquire tangible fixed assets . . . . .	<u>(1,527)</u>	<u>(1,700)</u>	<u>(1,084)</u>	<u>(3,543)</u>	<u>(6,920)</u>
Receipts from sale of tangible fixed assets . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>282</u>	<u>—</u>
<b>NET CASH OUTFLOW BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b> . . . . .	<b>(3,236)</b>	<b>(8,562)</b>	<b>(1,350)</b>	<b>(8,412)</b>	<b>(29,120)</b>
<b>ACQUISITIONS</b>					
Payments to acquire investment in joint venture/subsidiaries . . . . .	<u>(707)</u>	<u>—</u>	<u>(436)</u>	<u>(7,411)</u>	<u>(21,350)</u>
Cash acquired with subsidiaries . . . . .	<u>10,609</u>	<u>—</u>	<u>—</u>	<u>10,609</u>	<u>—</u>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b> . . . . .	<b>6,666</b>	<b>(8,562)</b>	<b>(1,786)</b>	<b>(5,214)</b>	<b>(50,470)</b>
<b>MANAGEMENT OF LIQUID RESOURCES</b>					
Decrease/(increase) in short term deposits . . . . .	<u>145</u>	<u>—</u>	<u>(178)</u>	<u>(1,428)</u>	<u>11</u>
<b>FINANCING</b>					
Issue of share capital . . . . .	<u>99</u>	<u>59</u>	<u>3</u>	<u>109</u>	<u>80</u>
<b>INCREASE/(DECREASE) IN CASH</b> . . . . .	<b>6,910</b>	<b>(8,503)</b>	<b>(1,961)</b>	<b>(6,533)</b>	<b>(50,379)</b>
<b>RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS</b>					
<b>MOVEMENT IN CASH</b> . . . . .	<b>6,910</b>	<b>(8,503)</b>	<b>(1,961)</b>	<b>(6,533)</b>	<b>(50,379)</b>
Cash (inflow)/outflow from short term deposits . . . . .	<u>(145)</u>	<u>—</u>	<u>178</u>	<u>1,428</u>	<u>(11)</u>
	<b>6,765</b>	<b>(8,503)</b>	<b>(1,783)</b>	<b>(5,105)</b>	<b>(50,390)</b>
<b>NET FUNDS AT THE BEGINNING OF THE PERIOD</b> . . . . .	<b>34,747</b>	<b>61,801</b>	<b>36,530</b>	<b>46,617</b>	<b>103,688</b>
<b>NET FUNDS AT THE END OF THE PERIOD</b> . . . . .	<b>41,512</b>	<b>53,298</b>	<b>34,747</b>	<b>41,512</b>	<b>53,298</b>

Notes to the Interim Financial 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 year ending 30 September 2001. The financial information contained in this interim statement does not constitute statutory accounts within the meaning as defined in Section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 30 September 2001. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

2. Additional Information

	Quarter ended 30 June 2002	Quarter ended 31 March 2002	Quarter ended 31 December 2001	Quarter ended 30 September 2001	Quarter ended 30 June 2001	Quarter ended 31 March 2001
Number of items sold in the period . . . . .	<b>428,765</b>	358,569	298,425	251,522	205,138	188,676
Number of registered subscribers at period end . .	<b>5,603,890</b>	5,023,567	4,591,426	4,208,484	3,514,027	3,136,077
Cumulative unique customers at period end . . . . .	<b>1,016,932</b>	819,912	669,550	536,446	410,561	323,747
Number of new unique customers in the Quarter . .	<b>197,020</b>	150,362	133,104	125,885	86,814	89,198
Number of suppliers at period end . . . . .	<b>15,324</b>	10,737	10,113	9,286	8,524	9,147

3. Total transaction value (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.

	TTV (by destination and source)		Turnover (by destination and source)	
	Quarter ended 30 June 2002 £'000s	Quarter ended 30 June 2001 £'000s	Quarter ended 30 June 2002 £'000s	Quarter ended 30 June 2001 £'000s
By geographical area:				
United Kingdom . . . . .	<b>38,629</b>	11,570	<b>4,901</b>	1,702
Other European Union countries . . . . .	<b>22,017</b>	17,724	<b>3,437</b>	2,711
Joint Ventures . . . . .	<b>398</b>	—	<b>44</b>	—
	<b>61,044</b>	29,294	<b>8,382</b>	4,413

## Part II—Financial Information on the lastminute.com Group

	Net profit/(loss) on ordinary activities before taxation		Net assets/ (liabilities)	
	£'000s	£'000s	£'000s	£'000s
By geographical area:				
United Kingdom . . . . .	843	(1,360)	70,863	54,904
Other European Union countries <sup>(1)</sup> . . . . .	(572)	(3,269)	(32,381)	(8,422)
Central costs <sup>(2)</sup> . . . . .	(9,141)	(9,040)	—	—
	<b>(8,870)</b>	<b>(13,669)</b>	<b>38,482</b>	<b>46,482</b>
Share of operating loss and net assets of joint ventures and associate . . . . .	(155)	(42)	822	317
Net interest receivable . . . . .	298	758	—	—
Interest bearing assets . . . . .	—	—	41,512	53,298
	<b>(8,727)</b>	<b>(12,953)</b>	<b>80,816</b>	<b>100,097</b>

(1) Net assets include £60,136,000 of goodwill at 30 June 2002 (30 June 2001: £47,642,000).

(2) Central costs for both quarters include technical development and maintenance costs and the expenses related to the Group management functions which are not apportioned across the Group's operating businesses. In addition central costs include £4,730,000 of goodwill amortisation for the quarter ended 30 June 2002 (30 June 2001: £3,665,000).

#### 4. Acquisitions

In April 2002 the Group acquired Travelselect.com for a consideration of £9.0 million which was satisfied by the issue of 14,538,011 new ordinary shares at 61 pence each by lastminute.com plc. In addition to the initial consideration, lastminute.com will pay further consideration depending on the EBITDA achieved for the year to 31 January 2003. The additional consideration has been capped to a maximum payment of £3 million and may be satisfied either in new shares or in loan notes, at the option of lastminute.com plc. Preliminary goodwill arising on the acquisition has been assessed as £12.6 million and has been capitalised and is being amortised over four years. The investment has been included in the Group balance sheet using the acquisition method of accounting at its fair value. Net liabilities included within the preliminary goodwill assessment totalled £2.6 million, including £2.8 million cash.

In June 2002 the Group acquired The Destination Holdings Group Limited for a consideration of £12.0 million which was satisfied by the issue of 4,835,298 new ordinary shares at 84 pence each and a vendor placing of 9,638,555 new ordinary shares at 83 pence each by lastminute.com plc. In addition to the initial consideration, lastminute.com plc will pay a maximum deferred amount of £3 million, dependent upon the results of The Destination Holdings Group Limited, including the release of cost synergies, for the year ended 30 April 2003. The deferred consideration may be satisfied either in new shares or cash, at the option of lastminute.com plc. Preliminary goodwill arising on the acquisition has been assessed as £13.2 million and has been capitalised and is being amortised over four years. The investment has been included in the Group balance sheet using the acquisition method of accounting at its fair value. Net assets included within the preliminary goodwill assessment totalled £0.7 million, of which £7.8 million comprises cash.

In June 2002 the Group acquired 20% of LCC24, the newly established online travel agency for Lufthansa City Center for a consideration of £2.4 million, satisfied by the issue of 2,804,136 new ordinary shares at 85 pence per share. Goodwill arising on the acquisition has been assessed as £2.4 million and has been capitalised and is being amortised over four years.

#### 5. Post balance sheet event

In July 2002, we announced the proposed acquisition of Travelprice.com SA, one of the largest online travel and leisure providers in France and Italy."

**PART III: FINANCIAL INFORMATION ON THE TRAVELPRICE.COM GROUP**

**Introduction**

The financial information contained on pages 49 to 51 in this Part III does not comprise the statutory accounts of any company within the meaning of section 240 of the Act. The financial information has been extracted from the consolidated financial statements for the Travelprice.com Group for the year ended 31 December 2001. The financial statements were audited by PriceWaterhouseCoopers, of 34, place des Corolles, 92098 Paris la Defense Cedex, France.

The financial information is presented without material adjustment from the financial statements, except for translation into the English language.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Year ended 31 December 2001	Year ended 31 December 2000
	€000	€000
<b>Total transaction value</b> .....	67,302	31,424
Turnover .....	5,797	3,093
Other income .....	623	251
	<u>6,420</u>	<u>3,344</u>
<b>Operating costs</b>		
Direct commercial expenses .....	851	624
Purchases and other external charges .....	6,219	5,890
Marketing expenses .....	6,392	9,043
Taxes and similar levies .....	105	—
Salaries and remuneration .....	13,029	10,375
Depreciation .....	794	463
Provisions .....	199	423
	<u>27,589</u>	<u>26,818</u>
<b>Total operating costs</b> .....	<u>27,589</u>	<u>26,818</u>
<b>Operating loss</b> .....	<u>(21,169)</u>	<u>(23,474)</u>
Interest payable .....	(279)	(127)
<b>Current result before tax</b> .....	<u>(21,448)</u>	<u>(23,601)</u>
Exceptional items .....	(1,739)	(233)
Taxation .....	—	—
<b>Net result for consolidated entity</b> .....	<u>(23,187)</u>	<u>(23,834)</u>
Minority interests .....	—	—
<b>Net result</b> .....	<u>(23,187)</u>	<u>(23,834)</u>
<b>Loss per share</b> .....	(1.55)	(3.66)

## CONSOLIDATED BALANCE SHEET

	At 31 December 2001 Gross Value €000	At 31 December 2001 Depreciation/ Provision €000	At 31 December 2001 Net Value €000	At 31 December 2000 Net Value €000
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible fixed assets . . . . .	219	76	143	240
Tangible fixed assets . . . . .	2,518	867	1,651	1,481
Fixed asset investments . . . . .	3,165	—	3,165	2,250
<b>Total fixed assets . . . . .</b>	<u>5,902</u>	<u>943</u>	<u>4,959</u>	<u>3,971</u>
<b>Current assets</b>				
Trade debtors . . . . .	2,156	51	2,105	719
Other debtors . . . . .	2,681	—	2,681	3,562
	4,837	51	4,786	4,281
Marketable securities . . . . .	1,451	—	1,451	—
Cash at bank and in hand . . . . .	9,100	—	9,100	1,587
<b>Total current assets . . . . .</b>	<u>15,388</u>	<u>51</u>	<u>15,337</u>	<u>5,868</u>
Prepayments . . . . .	192	—	192	298
<b>Total assets . . . . .</b>	<u>21,482</u>	<u>995</u>	<u>20,488</u>	<u>10,137</u>
<b>LIABILITIES</b>				
<b>Share capital and reserves</b>				
Share capital . . . . .			14,952	6,509
Share premium . . . . .			15,783	8,756
Reserves . . . . .			(304)	1,566
Loss for the year . . . . .			(23,187)	(23,834)
<b>Shareholders funds . . . . .</b>			<u>7,244</u>	<u>(7,003)</u>
Provisions . . . . .			914	364
Convertible debentures . . . . .			—	8,155
Loans from financial institutions . . . . .			4	—
			4	8,155
Trade creditors . . . . .			9,535	7,276
Other creditors . . . . .			2,721	1,295
			12,256	8,571
Accrued income . . . . .			70	50
<b>Total liabilities . . . . .</b>			<u>20,488</u>	<u>10,137</u>

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December 2001
	<u>€000</u>
<b>Operating cash flows</b>	
Loss before tax . . . . .	(23,187)
Elimination of non-cash items	
—Depreciation . . . . .	2,044
—Loss on disposal of short term investments . . . . .	215
	<u>(20,928)</u>
Change in working capital . . . . .	3,669
	<u>(17,259)</u>
<b>Investment cash flows</b>	
Payments to acquire fixed assets . . . . .	(2,021)
Receipts from disposal of fixed assets . . . . .	7
Impact of change in scope in consolidation . . . . .	(47)
	<u>(2,061)</u>
<b>Financing cash flows</b>	
Increase in share capital . . . . .	28,304
Repayment of bank loans . . . . .	(20)
	<u>28,284</u>
<b>Net cash movement</b> . . . . .	<u>8,964</u>
<b>Opening balance</b> . . . . .	<u>1,587</u>
<b>Closing balance</b> . . . . .	<u><u>10,551</u></u>

**PART IV: ADDITIONAL INFORMATION**

**1. Responsibility Statements**

1.1 The Directors of lastminute.com, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors of lastminute.com (who have taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**2. Directors of lastminute.com**

2.1 The Directors of lastminute.com and their functions are as follows:

Allan Leighton . . . . .	Chairman
Brent Hoberman . . . . .	Chief Executive Officer, Co Founder
Martha Lane Fox . . . . .	Group Managing Director, Co Founder
David Howell . . . . .	Chief Financial Officer
Vimal Khosla . . . . .	Director, Global Flights
Robert Bryan Collier . . . . .	Non-Executive Vice Chairman
Linda Fayne Levinson . . . . .	Non-Executive Director
Laurent Laffy . . . . .	Non-Executive Director
Brian Collie . . . . .	Non-Executive Director

The business address of each of the Directors is 4 Buckingham Gate, London SW1E 6JP.

On 7 August 2002 lastminute.com announced that Linda Levinson will stand down from the board at the conclusion of the Extraordinary General Meeting.

2.2 The names of all companies and partnerships outside the lastminute.com Group of which each Director, at any time in the five years prior to the date of this document, has been a director or partner, as appropriate (excluding subsidiaries of any company of which he or she is also a director), each of which is currently held unless stated otherwise), are as follows:

<u>Director</u>	<u>Company or partnership</u>
Allan Leighton . . . . .	Asda Stores Limited (resigned) BHS Limited British Sky Broadcasting Group PLC Business in the Community Cannons Group plc Consignia plc Going Plural Limited Leeds United PLC Wilson Connolly Holdings Public Limited Company Scottish Power PLC (resigned)
Brent Hoberman . . . . .	—
Martha Lane Fox . . . . .	—
David Howell . . . . .	Central Transport Rental Group PLC (resigned) First Choice Holidays PLC (resigned) Nestor Healthcare Group PLC
Vimal Khosla . . . . .	—

<u>Director</u>	<u>Company or partnership</u>
Robert Collier . . . . .	All-Hotels.com Limited Bristol Golf Club Ltd Corporate Insignia Limited (resigned) Daniel Thwaites PLC Easy Solutions PLC (resigned) Green Globe Limited Hotel Inter-Continental London Limited (resigned) Loftus Road PLC (resigned) OGG (resigned) Wasps Rugby Football Club Limited
Linda Fayne Levinson . . . . .	Administaff Inc. Overture Services Inc. (formerly GoTo.com) Jacobs Engineering Group Inc. NCR Corporation
Laurent Laffy . . . . .	Asserta Holdings Limited Chateau-Online SA Kiala SA LibertyTV.com PrePay Technologies Limited Servista Limited Venture Capital Report Limited Smartjog SA Lanceur Corp.
Brian Collie . . . . .	BAA PLC British Institute of Retailing (until 2002)

2.3 None of the Directors has any unspent convictions, received any public criticisms by a statutory or regulatory body (including designated professional bodies), been subject to any bankruptcies or individual voluntary arrangements, or been disqualified by a Court from acting as a director of a company or from acting in the management or conduct of the affairs of any company. None of the Directors has been an executive director of a company or a partner in a partnership at the time or within 12 months preceding the time at which the company or partnership entered into administration, company or partnership voluntary arrangement, composition or arrangement with creditors generally or any class of creditors, receivership, compulsory liquidation or creditors' voluntary liquidation.

**3. Incorporation**

3.1 lastminute.com was incorporated and registered in England and Wales on 1 October 1999 under the Companies Act 1985 as a private company limited by shares with registered number 3852152, under the name of Vibetron Limited. lastminute.com changed its name to lastminute.com Limited on 14 January 2000 and re-registered as a public limited company on 24 February 2000 and changed its name to lastminute.com plc. The principal legislation under which lastminute.com operates is the Act and regulations made thereunder.

3.2 lastminute.com's registered and head office is 4 Buckingham Gate, London, SW1E 6JP.

**4. Share Capital**

4.1 lastminute.com was incorporated with an authorised share capital of £100 divided into 100 Ordinary Shares of £1 each, of which 2 were issued for cash at par to the subscribers to lastminute.com's memorandum of association.

## Part IV—Additional Information

4.2 The authorised and issued share capital of lastminute.com as at close of business on 14 August 2002 (the latest practicable date prior to the date of this document) is as follows:

<u>Nominal value per Share £</u>	<u>Authorised No. of Shares</u>	<u>Nominal value per Share £</u>	<u>Issued and fully paid No. of Shares</u>
0.01	10,053,600,000	0.01	207,515,684

Assuming the issue of all the New Ordinary Shares in connection with the Acquisition the number of fully paid Ordinary Shares would increase to 242,160,772.

4.3 The share capital history of lastminute.com plc is as follows:

- (i) lastminute.com's authorised share capital on incorporation was 100 ordinary shares of £1 each of which two were issued at par fully paid.
- (ii) On 11 February 2000:
  - (a) each of the existing ordinary shares of £1 each in the capital of lastminute.com was subdivided into 100 ordinary shares of £0.01 each and the authorised share capital of lastminute.com was increased from £100 to £100,536,600 by the creation of 152,000 preference A shares of £2.85 each, 34,724,000 preference B shares of £2.85 each and 113,990,000 new ordinary shares of £0.01 each; and
  - (b) the directors were empowered pursuant to section 95 of the Companies Act, to allot equity securities (as defined in section 94(2) of the Companies Act) as if section 89(1) of the Companies Act did not apply to any such allotment provided that this power was limited to (i) the allotment of equity securities up to an aggregate nominal value of £1,172,660 credited as fully paid in exchange for the acquisition of all the outstanding preference A shares, preference B shares and ordinary shares in Last Minute Network Limited, (ii) the allotment of equity securities up to an aggregate nominal value of £119,700 comprising warrants to subscribe for ordinary shares and (iii) the allotment of up to £69,255 in nominal amount of ordinary shares. This power expires on 11 May 2000, unless previously revoked or varied by special resolution.
- (iii) On 15 February 2000 lastminute.com acquired the entire issued share capital of Last Minute Network Limited pursuant to a share exchange agreement, in consideration for the issue to the shareholders of Last Minute Network Limited of 84,806 preference A shares of £1.85 each credited as fully paid; 201,485 preference B shares of £2.85 each credited as fully paid; and 35,547,712 ordinary shares of £0.01 each credited as fully paid.
- (iv) On 23 February 2000, 66,690 ordinary shares of £0.01 each in the capital of lastminute.com were allotted to consultants to lastminute.com, credited as fully paid, in satisfaction of their outstanding invoices for professional services.
- (v) On 29 February 2000:
  - (a) the directors were unconditionally authorised, pursuant to and in accordance with, Section 80 of the Companies Act, to exercise all or any powers of lastminute.com to allot relevant securities (within the meaning of Section 80(2) of the Companies Act) up to an aggregate nominal amount of £460,000 in connection with the initial public offering of shares in lastminute.com, such authority to expire (unless previously renewed, varied or revoked) on 30 June 2000 and thereafter up to (i) an aggregate nominal amount of £62,108 in respect of warrants to subscribe for ordinary shares and (ii) £69,255 in any other case, in both cases for a period expiring (unless previously renewed, varied or revoked) at the conclusion of the annual general meeting of lastminute.com falling in 2001 (in each case on terms that during such period, lastminute.com may make an offer or an offer or an agreement which would or might require relevant securities to be allotted after the expiry of such period and the directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired) and all previous authorities granted to the directors pursuant to Section 80 of the Companies Act were revoked without prejudice to any allotments made or agreed to be made pursuant to the terms of such authorities; and

(b) the directors were empowered, pursuant to Section 95 of the Companies Act, to allot equity securities (within the meaning of Section 94(2) of the Companies Act) wholly for cash pursuant to and for the period of the authorities referred to in paragraph (iv)(a) above as if Section 89(1) of the Companies Act did not apply to any such allotment on terms that lastminute.com may make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period in connection with the initial public offering of shares of lastminute.com; and (ii) thereafter for a period expiring (unless previously renewed, varied or revoked) at the conclusion of the annual general meeting of lastminute.com falling in 2001, such power to be limited to (A) the allotment of equity securities in connection with an offer of such securities, to holders on the register on a record date or dates fixed by the directors, of ordinary shares in proportion (as nearly as practicable) to their respective holdings but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the law of, or the requirements of any recognised regulatory body or any stock exchange in any territory; and (B) the allotment otherwise than as described in (A) above of equity securities (i) in respect of warrants to subscribe for ordinary shares up to an aggregate nominal amount of £62,108 and (ii) otherwise for cash up to an aggregate nominal amount equal to £69,255.

(vi) Immediately prior to the initial admission of Ordinary Shares to trading pursuant to the Articles of Association of lastminute.com, each of the outstanding preference A shares and each of the outstanding preference B shares converted into 285 ordinary shares.

4.4 Summary of allotments by lastminute.com:

*Ordinary shares of £1 each*

<u>Date</u>	<u>Number Issued</u>	<u>Consideration</u>	<u>Nature of the Issue</u>
1 October 1999 . . . . .	2	£2	Issued credited as fully paid for cash to the subscribers to the memorandum of association

*Ordinary shares of £0.01 each*

<u>Date</u>	<u>Number Issued</u>	<u>Consideration</u>	<u>Nature of the Issue</u>
15 February 2000 . . . . .	35,672,880	Consideration for the acquisition of all the outstanding ordinary shares of £0.01 each in the capital of Last Minute Network Limited	Issued credited as fully paid
23 February 2000 . . . . .	66,690	Consideration for the provision of consultancy services	Issued credited as fully paid
21 March 2000 . . . . .	33,000,000	£3.8000	IPO Offering
3 July 2000 . . . . .	14,600	£0.1720	Option exercise
5 July 2000 . . . . .	900	£0.7392	Option exercise
5 July 2000 . . . . .	40,400	£0.0231	Option exercise
10 July 2000 . . . . .	2,985	£0.7400	Option exercise
10 July 2000 . . . . .	3,973	£0.1720	Option exercise
1 August 2000 . . . . .	166	£1.3300	Option exercise
9 August 2000 . . . . .	71,820	£0.0231	Option exercise
18 August 2000 . . . . .	57,000	£0.0231	Option exercise
7 September 2000 . . . . .	14,000	£0.0231	Option exercise
8 September 2000 . . . . .	6,760	£0.1720	Option exercise

**Part IV—Additional Information**

<u>Date</u>	<u>Number Issued</u>	<u>Consideration</u>	<u>Nature of the Issue</u>
29 September 2000 . . . . .	20,000	£0.1720	Option exercise
23 October 2000 . . . . .	19,700,000		Acquisition of Degriffour Group
1 December 2000 . . . . .	29,369	£0.1720	Option exercise
17 January 2001 . . . . .	20,000	£0.1204	Option exercise
13 February 2001 . . . . .	20,000	£0.1720	Option exercise
14 February 2001 . . . . .	20,000	£0.0231	Option exercise
15 February 2001 . . . . .	20,000	£0.0231	Option exercise
20 February 2001 . . . . .	38,000	£0.0231	Option exercise
21 February 2001 . . . . .	290,000	£0.0231	Option exercise
13 March 2001 . . . . .	20,000	£0.0231	Option exercise
14 March 2001 . . . . .	181,065	£0.0231	Option exercise
16 March 2001 . . . . .	44,122	£0.0231	Option exercise
16 March 2001 . . . . .	30,000	£0.1720	Option exercise
20 March 2001 . . . . .	20,000	£0.0231	Option exercise
20 March 2001 . . . . .	30,000	£0.1720	Option exercise
21 March 2001 . . . . .	20,000	£0.0231	Option exercise
21 March 2001 . . . . .	30,000	£0.1720	Option exercise
22 March 2001 . . . . .	30,000	£0.1720	Option exercise
23 March 2001 . . . . .	20,000	£0.1204	Option exercise
23 March 2001 . . . . .	30,000	£0.1720	Option exercise
26 March 2001 . . . . .	20,000	£0.1204	Option exercise
27 March 2001 . . . . .	20,000	£0.1204	Option exercise
28 March 2001 . . . . .	18,000	£0.0231	Option exercise
28 March 2001 . . . . .	20,000	£0.1204	Option exercise
29 March 2001 . . . . .	20,000	£0.1204	Option exercise
6 April 2001 . . . . .	199,596	£0.1204	Option exercise
9 April 2001 . . . . .	232,558	£0.1720	Option exercise
2 May 2001 . . . . .	30,625	£0.0231	Option exercise
8 May 2001 . . . . .	7,997	£0.1720	Option exercise
8 May 2001 . . . . .	209,517	£0.0231	Option exercise
9 May 2001 . . . . .	100,000	£0.1204	Option exercise
9 May 2001 . . . . .	47,000	£0.3696	Option exercise
10 May 2001 . . . . .	8,702	£0.1720	Option exercise
10 May 2001 . . . . .	45,000	£0.0231	Option exercise
10 May 2001 . . . . .	29,000	£0.1204	Option exercise
11 May 2001 . . . . .	25,000	£0.0231	Option exercise
5 June 2001 . . . . .	641,250	£0.0231	Option exercise
19 July 2001 . . . . .	442,151		Acquisition of Urbanbite Ltd
29 August 2001 . . . . .	50,000	£0.1204	Option exercise
10 September 2001 . . . . .	45,000	£0.0231	Option exercise
21 December 2001 . . . . .	700,000	£0.0231	Option exercise
8 January 2001 . . . . .	50,000	£0.0231	Option exercise
13 February 2002 . . . . .	100,000	£0.2000	Option exercise
13 February 2002 . . . . .	195,000	£0.0231	Option exercise
25 February 2002 . . . . .	7,363	£0.1720	Option exercise

<u>Date</u>	<u>Number Issued</u>	<u>Consideration</u>	<u>Nature of the Issue</u>
7 March 2002 . . . . .	45,000	£0.0231	Option exercise
15 March 2002 . . . . .	90,000	£0.0231	Option exercise
08 April 2002 . . . . .	14,538,011		Acquisition of Travelselect.com Limited
17 April 2002 . . . . .	80,000	£0.3696	Option exercise
8 May 2002 . . . . .	250,000	£0.0231	Option exercise
20 May 2002 . . . . .	2,714	£0.3500	Option exercise
20 May 2002 . . . . .	1,388	£0.3300	Option exercise
20 May 2002 . . . . .	194	£0.3675	Option exercise
20 May 2002 . . . . .	37,742	£0.4600	Option exercise
24 May 2002 . . . . .	58,116	£0.1721	Option exercise
10 June 2002 . . . . .	14,694	£0.1720	Option exercise
10 June 2002 . . . . .	2,804,136		Acquisition of shares in LCC24
13 June 2002 . . . . .	25,000	£0.0231	Option exercise
18 June 2002 . . . . .	14,473,853		Acquisition of The Destination Holdings Group Ltd
21 June 2002 . . . . .	5,000	£0.4750	Option exercise
21 June 2002 . . . . .	65,000	£0.0231	Option exercise
24 June 2002 . . . . .	68,000	£0.0231	Option exercise
1 July 2002 . . . . .	45,000	£0.3696	Option exercise
1 July 2002 . . . . .	7,988	£0.7650	Option exercise
1 July 2002 . . . . .	16,666	£0.3300	Option exercise
4 July 2002 . . . . .	1,702	£0.3675	Option exercise
4 July 2002 . . . . .	4,727	£0.2750	Option exercise
6 August 2002 . . . . .	422,975	£0.1204	Option exercise
6 August 2002 . . . . .	434	£0.3675	Option exercise
7 August 2002 . . . . .	1,400	£0.765	Option exercise
7 August 2002 . . . . .	400	£0.3675	Option exercise
13 August 2002 . . . . .	25,000	£0.0231	Option exercise

***Preference A shares of £2.85 each***

<u>Date</u>	<u>Number Issued</u>	<u>Consideration</u>	<u>Nature of the Issue</u>
15 February 2000 . . . . .	84,806	Consideration for the acquisition of all the outstanding preference A shares of £0.01 each in the capital of Last Minute Network Limited	Issued credited as fully paid

***Preference B shares of £2.85 each***

<u>Date</u>	<u>Number Issued</u>	<u>Consideration</u>	<u>Nature of the Issue</u>
15 February 2000 . . . . .	201,485	Consideration for the acquisition of all the outstanding preference B shares of £0.01 each in the capital of Last Minute Network Limited	Issued credited as fully paid

## Part IV—Additional Information

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- 4.5 On 31 January 2000 and 14 February 2000 the Group executed performance-based warrant instruments pursuant to which the Group may grant warrants to acquire up to 5,544,675 and 5,543,250 ordinary shares to each of Lufthansa and Virgin Atlantic Airways respectively. The granting of warrants, at the end of five six-month measuring periods commencing on 1 January 2000 and 1 March 2000 respectively, was dependent upon specified levels of ticket sales being achieved for each period through the Group's website. Each warrant would be exercisable at a price of 37p per share during a 60-day period commencing three years after the date of the grant. The Group may terminate the warrant instruments in certain circumstances if the relevant airline fails to meet minimum levels of sales in the first two measuring periods. The Group has not granted any warrants under either warrant instrument.
- 4.6 At the Annual General Meeting held on 12 March 2001:
- (i) the Directors were generally and unconditionally authorised in accordance with section 80 of the Companies Act to exercise all powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £567,678, such authority to expire on the date of the annual general meeting in 2006 or on 14 February 2006, whichever is the earlier, and in substitution for all previous authorities pursuant to Section 80, save that lastminute.com may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry of such period;
  - (ii) the Directors were generally and unconditionally authorised to allot equity securities wholly for cash:
    - (a) in connection with a rights issue; and
    - (b) otherwise than in connection with a rights issue, up to an aggregate nominal amount of £85,151 as if Section 89(1) of the Act did not apply to such allotment save that such power shall expire on the date of the annual general meeting in 2006 or on 14 February 2006, whichever is the earlier, and is in substitution for all previous disapplications of Section 89 of the Act, which cease to have effect, without prejudice to any allotment of securities pursuant thereto.
- 4.7 The provisions of Section 89(1) of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of the Company except to the extent not disapplied under the resolution referred to in paragraph 4.5 above. In relation to the proposed issue of New Ordinary Shares, the pre-emption rights conferred by section 89(1) of the Act will not apply as the proposed issue is being made in return for a consideration other than cash.
- 4.8 At an Extraordinary General Meeting of lastminute.com convened for 27 August 2002, a resolution will be proposed to authorise the lastminute.com Directors generally and unconditionally for the purposes of section 80 of the Companies Act 1985 to exercise for the period commencing on the date of passing of the resolution and ending on the earlier of the conclusion of the next annual general meeting of the Company and 30 April 2003 (the "section 80 prescribed period"), all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £1,150,000. The previous authority will be retained up to an aggregate nominal amount of £85,151 for the purpose of preserving the authority referred to in paragraph 4.5(ii) above.
- 4.9 Save as disclosed in this paragraph and in paragraph 10 of this Part IV ("Material Contracts") during the three years immediately preceding the date of this document:
- (a) (other than intra group issues by wholly-owned subsidiaries) no share or loan capital of lastminute.com has been issued or been agreed to be issued fully or partly paid, either for cash or for a consideration other than cash and no such issue is now proposed;
  - (b) neither lastminute.com nor any of its subsidiaries has granted any options over its share or loan capital which remain outstanding or has agreed, conditionally or unconditionally, to grant any such options; and
  - (c) no commissions, discounts, brokerages or other special terms have been granted by lastminute.com or any of its subsidiaries during the said period in connection with the issue or sale of shares or loan capital of any such company.

4.10 The New Ordinary Shares will be in registered form and will be capable of being held in both certificated and uncertificated form. Subject to the Acquisition being completed in accordance with its terms, it is expected that definitive share certificates will be issued and CREST Stock Accounts will be credited on 28 August 2002.

Each New Ordinary Share if issued to a U.S. Person or into the U.S., upon certification will contain a legend substantially to the following effect:

“This security has not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws. This security may not be reoffered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of in the absence of such registration or unless such transaction is exempt from, or not subject to, the registration requirements of the Securities Act. The holder of this security, by its acceptance hereof, agrees it shall offer, sell or otherwise transfer such security only (a) to the issuer or any subsidiary thereof, (b) to an “institutional accredited investor” as such term is defined in Rule 501(a)(1), (2), (3), (7) and (8) under the Securities Act that is acquiring the security for its own account, or for the account of such an “institutional accredited investor”, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act, and who delivers to the Issuer a letter containing the same certifications as the letter delivered by the initial purchaser, a form of which is available from the Issuer, (c) pursuant to a registration statement which has been declared effective under the Securities Act (d) in an offshore transaction in accordance with Rule 904 of Regulation S under the Securities Act, or (e) pursuant to another available exemption from the registration requirements of the Securities Act. No “employee benefit plans” as defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended, may acquire a beneficial interest herein. The issuer reserves the right prior to any offer, sale, assignment, transfer, pledge, encumbrance or other disposition pursuant to clause (b) or (e) to require the delivery of an opinion of counsel, certificates and/or other information satisfactory to the Issuer.”

4.11 The New Ordinary Shares will be issued credited as fully paid and free from all liens, charges, encumbrances and other third party rights and will rank *pari passu* in all respects with the existing lastminute.com Ordinary Shares, including the right to receive all dividends and distributions hereafter declared, made or paid.

4.12 The existing lastminute.com Shares are listed on the London Stock Exchange. Following the Acquisition, the New Ordinary Shares will also be listed on the London Stock Exchange. It is not proposed to seek a listing for the New Ordinary Shares on any stock exchange other than the London Stock Exchange.

4.13 Fractions of New Ordinary Shares will not be allotted or issued.

4.14 None of the New Ordinary Shares have been marketed or are being made available to the public except pursuant to the Acquisition in whole or in part in conjunction with the application for listing of those securities.

## 5. Memorandum and Articles of Association

5.1 lastminute.com’s memorandum of association provides that its objects include, (1) to carry on business as an e-commerce site, (2) to carry on business as agents and dealers in all products and services, (3) to act as a holding company and (4) to carry on any business, trade or activity that the Directors deem to be related to its business and capable of enhancing the value or profitability of its business. lastminute.com’s objects are set out in full in Clause 4 of its memorandum of association which is available for inspection as described in paragraph 18 of this Part IV.

5.2 The articles of association of the Company as at the date of this document contain, inter alia, provisions to the following effect:

(i) **Rights attaching to shares**

(a) **Voting rights**

Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure of interests in any shares in certain circumstances and subject to any special terms for voting on which any shares of the Company may have been issued or may for the time being be

held, at a general meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote shall have one vote and, on a poll, every member so present in person or by proxy shall have one vote for every share of which he is the holder. In the case of joint holders the vote of the person whose name stands first in the register of members and who tenders a vote will be accepted to the exclusion of any votes tendered by the other joint holders.

**(b) Dividends**

Subject to the Act, the Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors. Subject to the Act, the Directors may pay interim dividends as appear to them to be justified by the profits of the Company available for distribution. Except as otherwise provided by the Articles or the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid and all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that it is satisfied wholly or partly by the distribution of assets. Where any difficulty arises in regard to the distribution, the Directors may settle the same as they think fit and in particular may issue fractional certificates (or ignore fractions) and fix the value for distribution of any assets, and may determine that cash shall be paid to any member upon the basis of that value in order to adjust the rights of members, and may vest any assets in trustees.

The Directors may, with the authority of an ordinary resolution of the Company, offer any holders of Ordinary shares the right to elect to receive Ordinary shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Directors) of any dividend specified in the ordinary resolution.

**(c) Distribution of assets on a winding up**

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by law, divide among the members in kind the whole or any part of the assets of the Company and, for that purpose, may value any assets and determine how such division shall be carried out. With the like sanction the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may determine, but no member shall be compelled to accept any assets upon which there is a liability.

**(ii) Transfer of shares**

Shares of the Company in certificated form may be transferred by an instrument of transfer which may be in any usual form or in any other form of which the Directors approve. The instrument of transfer must be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. Shares in uncertificated form may be transferred in accordance with the Uncertificated Securities Regulations 2001. Subject to the requirements of the UK Listing Authority, the Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share in certificated form which is not fully paid. The Directors may also so refuse to register the transfer of a share in certificated form unless the instrument of transfer is in respect of only one class of share, is in favour of no more than four transferees, is lodged, duly stamped, at the transfer office of and is accompanied by the share certificate relative to the share to be transferred and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

The Directors may, in the case of shares in certificated form, in their absolute discretion and without giving any specific reason, refuse to register any transfer of shares that are not fully paid provided that the exercise of such discretion does not prevent dealings of shares which are admitted to the Official List of the London Stock Exchange of which are listed on any other recognised stock exchange or the Nasdaq National Market from taking place on an open and

proper basis. The Directors also may refuse to register an allotment or transfer of shares, whether fully paid or not, in favour of more than four persons jointly.

If the Directors refuse to register an allotment or transfer, they will send to the allottee or transferee notice of the refusal within two months after the date on which (1) the letter of allotment or transfer was lodged with the Company, in the case of shares held in certificated form, or (2) the Operator-instruction required by the Regulations was received by the Company, in the case of shares held in uncertificated form.

**(iii) Variation of rights**

Subject to the Act, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied in such manner (if any) as may be provided by those rights or, in the absence of such provisions, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise. To every such separate meeting, the provisions of the Articles relating to general meetings shall apply except that the necessary quorum at any such meeting shall be two persons together holding or representing by proxy at least one third in nominal value of the issued share capital of the class in question. At an adjourned meeting, one person holding shares of the class in question or his proxy is a quorum.

The rights attached to any shares shall, unless otherwise expressly provided by the rights attached to any class of shares, be deemed not to be varied by the purchase by the Company of any of its shares.

**(iv) Disclosure of interests**

If a member, or any other person appearing to be interested in shares held by that member, has been given a notice under section 212 of the Act and has failed in relation to any shares (the “default shares”) to give the Company the information thereby required within 14 days from the date of giving the notice, the Directors may apply sanctions.

The sanctions available are the suspension of voting (either in person or by representative or proxy) and other rights conferred by membership in relation to meetings of the Company and, where the default shares represent at least 0.25 per cent. of their class, the withholding of payment of any dividends on, and the restriction of transfer of, the relevant shares.

**(v) Alteration of capital**

The Company may, by ordinary resolution, increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares, sub-divide (subject to the Act) its shares (or any of them) into shares of smaller amounts, determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with the others, cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. Subject to the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, in any way.

Subject to the Act and the requirements of the UK Listing Authority, the Company may purchase its own shares (including redeemable shares).

**(vi) Issue of shares**

Subject to the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or, if the Company has not so determined, as the Directors may determine). Subject to the Act, any share may be issued which is, or is liable to be, redeemed at the option of the Company or the holder in accordance with the Articles. Subject to the Act and to the Articles, the unissued shares shall be at the disposal of the directors.

**(vii) Directors**

Unless otherwise determined by the Company by ordinary resolution, the number of directors (other than alternate directors) shall not be less than 3 nor more than 15 in number.

The Directors need not be members of the Company.

Unless otherwise determined by the Company by ordinary resolution the Directors shall be paid such fees for their services in the office of Director as the Directors may determine (not exceeding in the aggregate an annual sum of £10,000,000 or such larger amount as the Company may by ordinary resolution decide) divided between the Directors as they agree or, failing agreement, equally.

At each annual general meeting, all those Directors who were elected or last re-elected at or before the annual general meeting held in the third calendar year before will retire from office by rotation. A retiring Director will be eligible for re-election.

No person will be disqualified from being appointed or re-appointed a Director, and no Director will be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age nor will it be necessary by reason of his age to give special notice under the Companies Act of any resolution. Where the Directors convene any general meeting of lastminute.com at which a Director will be proposed for appointment or re-appointment who at the date for which the meeting is convened will have attained the age of 70 or more, the Board will give notice of his age in years in the notice convening the meeting or in any document accompanying the notice, but the accidental omission to do so will not invalidate any proceedings, or any appointment or re-appointment of that Director, at that meeting.

Without prejudice to the provisions of the Act, the Company may remove a Director by extraordinary resolution.

A Director shall not vote or be counted in the quorum present on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises only because the case falls within one of the following:

- (a) the resolution relates to the giving to him of a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiary undertakings;
- (b) his interest arises by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of the Company for subscription, purchase or exchange;
- (c) the resolution relates to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings including, but without being limited to, an employees' share scheme which does not accord to any director any privilege or advantage not generally accorded to the employees to whom the arrangement relates;
- (d) the resolution relates to a transaction or arrangement with any other company in which he is interested, directly or indirectly, provided that he is not the holder of, or beneficially interested in, one per cent. or more of any class of the equity share capital of that company (or of any other company through which his interest is derived) and not entitled to exercise one per cent. or more of the voting rights available to members of the relevant company; or
- (e) the resolution relates to the purchase or maintenance for any director or directors of insurance against any liabilities.

**(viii) Gratuities and pensions**

The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

**(ix) Borrowing powers**

The Board may exercise all the powers of the Company to:

- borrow money,
- mortgage and/or charge all or any part of our business, property or assets and uncalled capital,

- issue debentures and other securities, and
- give security, either outright or as collateral security, for any of the Company debts, liabilities or obligations, or those of a third party

There is no requirement on the Directors, under the Articles, to limit the borrowings of lastminute.com.

(x) **Untraced shareholders**

The Company is entitled to sell shares held by untraceable shareholders at the best price reasonably obtainable as long as:

- during the period of 12 years prior to the date of the publication of the advertisement referred to below at least three dividends in respect of the shares have become payable and no such dividend has been claimed;
- the Company has, on expiry of this 12 year period, advertised in both a national newspaper and in a newspaper circulating in the area in which the last known address of the shareholder, or the address at which service of notices may be effected under the Articles is located, giving notice of the intention to sell the shares;
- during the period of three months following the publication of the advertisements referred to above, the Company has not received any communication from the shareholder; and
- notice has been given to the London Stock Exchange of the intention to make a sale of shares held by untraceable shareholders.

The net proceeds of sale will belong to the Company and will be obliged to account to the former shareholder for the net proceeds of any sale. No trust will be created in respect of this debt, no interest will be payable on it, and the Company will not be required to account for any money earned on the net proceeds which may be used by the Directors as they see fit, other than investing in the Company's shares.

(xi) **CREST**

The Articles allow for the holding and transfer of shares in uncertificated form.

**6. lastminute.com Share Option Schemes**

6.1 lastminute.com currently operates six share option schemes.

The following is a summary of the main features of the employee shares schemes and the Non-Executive Share Option Scheme 2000 currently operated by lastminute.com.

Options are granted on the terms of the 1998 Unapproved Executive Share Option Scheme, the 1999 Unapproved Executive Share Option Scheme, the 2000 Unapproved Executive Share Option Scheme, the 2000 Approved Executive Share Option Scheme, the Non-Executive Share Option Scheme 2000 and the Sharesave Scheme, as amended, as summarised below.

Pursuant to a share exchange agreement entered into on 15 February 2000, substantially all holders of options over ordinary shares in Last Minute Network Limited agreed to exchange the existing options for options over ordinary shares in lastminute.com. The new options were granted on the same terms as the corresponding existing options and are in all respects equivalent to the then existing options on the terms of the 1998 Unapproved Executive Share Option Scheme and the 1999 Unapproved Executive Share Option Scheme, as amended and as summarised below.

In particular, the new options were treated as having been acquired at the same time as the corresponding existing options and be exercisable in the same manner and at the same time as the corresponding existing options.

lastminute.com has established three new employee share schemes—the 2000 Unapproved Executive Share Option Scheme, the 2000 Approved Share Option Scheme and an Inland Revenue approved SAYE Share Option Scheme. It has also established the Non-Executive Share Option Scheme 2000.

As at 14 August 2002 (the latest practicable date prior to the date of this document), 19,553,975 options over lastminute.com ordinary shares were outstanding, as set out in the table below. All

options were granted for no consideration. The earliest date for exercise of each of the outstanding options was 29 June 2001 and each option will lapse on the tenth anniversary of grant.

<u>Exercise Price (£)</u>	<u>Options Outstanding</u>	<u>Exercise Price (£)</u>	<u>Options Outstanding</u>
0.0231	5,158,124	0.5550	97,762
0.1204	460,192	0.5950	145,198
0.1721	446,289	0.6125	1,000,000
0.1950	520,897	0.7250	541,057
0.2000	203,533	0.7393	589,612
0.2200	380,601	0.7400	122,519
0.2750	607,238	0.7650	52,252
0.3025	120,491	0.8000	100,000
0.3150	31,746	0.9475	633,421
0.3200	500,000	1.1950	36,567
0.3300	611,023	1.3387	1,246,919
0.3400	1,000,000	1.3750	1,000,000
0.3500	909,294	1.3800	128,313
0.3625	373,770	1.3900	29,531
0.3675	1,147,230	1.5000	40,000
0.3690	51,085	1.5200	61,934
0.3696	887,535	1.8600	24,189
0.3925	79,348	1.9000	3,280
0.4600	30,869	2.0900	24,875
0.4750	56,112	2.1000	2,209
0.4850	30,555	2.1800	8,433
0.5075	59,972		

lastminute.com makes provision for National Insurance charges (relating to unapproved options granted to UK residents after April 6, 1999) at each period end based on the difference between the period-end share value and the grant price.

**Options on the terms of the Last Minute Network Limited 1998 Unapproved Executive Share Option Scheme**

Last Minute Network Limited entered into option agreements in respect of its ordinary shares on the terms of the Last Minute Network Limited 1998 Unapproved Executive Share Option Scheme, as amended. No further options will be granted under the scheme. The terms of the scheme as amended are summarised below.

*Eligibility.* All of Last Minute Network Limited’s employees and directors and those of any subsidiaries are eligible to participate in the scheme.

*Grant of Options.* Last Minute Network Limited’s board or an authorised committee may, at their discretion, grant options to subscribe for shares. Options can be granted at any time. They are granted subject to a performance condition based on objective criteria. Options may be granted at an exercise price which is equal to the price per share at which shares were sold under the placing of shares to investors most recent to the grant or, at the discretion of the board, an amount determined by the board, which may be higher or lower than the most recent placing price. No consideration is payable for the grant of options.

*Exercise of options.* Options may not normally be exercised before 29 June 2000. Following this date, subject to the satisfaction of any performance condition and the continuous employment of the optionholder for at least six months prior to exercise, options are normally exercisable in accordance with a formula set out in the scheme. The formula allows for the gradual vesting of the options on a straight line basis over a three year period. Options which have not been exercised will normally lapse on the tenth anniversary of grant.

Options may, however, subject to the satisfaction of any performance condition, be exercised early, before 29 June 2000 and before vesting in accordance with the formula in the event of a sale of more than 50 per cent. of lastminute.com’s issued share capital which results in a change in control of lastminute.com. In these circumstances, an option will become exercisable for a period of 30 days from the date on which the sale becomes unconditional following which it will lapse, provided that the

optionholder exercises his option on terms that he agrees to sell the shares acquired on exercise on the terms offered to him by the acquiring company.

If an optionholder ceases to be an employee, his option will lapse to the extent that it has not vested. Any part of his option which has vested will remain exercisable.

Options are not transferable and may only be exercised by the persons to whom they are granted.

*Issue of shares.* Shares issued on the exercise of options will rank equally with shares in issue at that time, except in respect of rights arising by reference to a prior record date.

*Variation in share capital.* Options may be adjusted following certain variations in share capital, including a capitalisation or rights issue, or a sub-dividend or consolidation of capital.

*Amendments.* Last Minute Network Limited's board or an authorised committee may amend any provision of the scheme provided that any amendment which would prejudice the subsisting rights of optionholders requires the prior written consent of existing optionholders who hold options exercisable over at least three quarters of the total number of shares underlying options granted under the scheme.

*Termination.* lastminute.com's board or an authorised committee or the shareholders may, at any time, terminate the scheme. If this happens, no further options will be granted but the provisions of the scheme will continue in relation to options already granted.

#### **Options on the terms of the Last Minute Network Limited 1999 Unapproved Executive Share Option Scheme**

The terms of this scheme, as amended, are, in all material respects, the same as those of the 1998 Unapproved Executive Share Option Scheme, as amended. Last Minute Network Limited entered into option agreements in respect of its ordinary shares on the terms of the scheme, as amended. No further options will be granted under the scheme.

#### **The lastminute.com plc 2000 Unapproved Executive Share Option Scheme**

*Eligibility.* All of lastminute.com employees and directors and those of any subsidiaries are eligible to participate in the scheme.

*Grant of options.* lastminute.com's board or an authorised committee may, at their discretion, grant options to acquire lastminute.com shares. Options can be granted at any time. They may be granted subject to a performance condition based on objective criteria. Before the date on which lastminute.com plc's ordinary shares are first admitted to listing on a recognised investment exchange, options must be granted at an exercise price which is equal to the price per share at which shares were sold under the placing of shares to investors most recent to the grant. On or after the listing date, options must be granted at an exercise price equal to the then current market value of an ordinary share. No consideration is payable for the grant of options.

*Exercise of options.* Options are normally exercisable in accordance with a formula set out in the scheme. The formula allows for the gradual vesting of the options over a three year period. Options which have not been exercised will normally lapse on the tenth anniversary of grant. Options may, however, be exercised early, for example, if an optionholder ceases to be an employee due to injury, disability, redundancy or retirement or, at the discretion of the directors, in the event of a takeover, scheme of arrangement or winding-up.

*Exchange of options.* In the event of a change of control, optionholders may exchange their options for options over shares in the acquiring company.

lastminute.com's board may determine in its discretion that, in the event of a takeover, scheme of arrangement, demerger or a winding-up, options may not be exercised but optionholders will be granted new options to replace their old options. A new option may be over shares in any company determined by the directors but must be equivalent to the corresponding old option, be treated as having been acquired at the same time and be exercisable in the same manner as the old option and otherwise subject to the rules of the scheme.

*Variation in share capital.* Options may be adjusted following variations in lastminute.com share capital, including a capitalisation or rights issue, sub-division or consolidation of capital.

*Issue of shares.* Shares issued on the exercise of options will rank equally with shares in issue at that time, except in respect of rights arising by reference to a prior record date.

*Scheme limits.* The number of shares which may be allocated under the scheme on any day must not exceed 15 per cent. of lastminute.com issued share capital when added to the total number of shares allocated in the previous 10 years under the scheme and any other employee share scheme operated by lastminute.com's.

#### **The lastminute.com plc 2000 Approved Executive Share Option Scheme**

The Rules of the Approved Executive Share Option Scheme are in substantially similar form to the Rules of the 2000 Unapproved Executive Share Option Scheme.

#### **The lastminute.com plc Sharesave Scheme**

*General.* The Company intends to obtain Inland Revenue approval of the Scheme under the Income and Corporation Taxes Act 1988. The operation of the Scheme will be supervised by the Remuneration Committee of the Board of Directors (“the Committee”).

*Eligibility.* All UK resident employees of the Company and participating subsidiaries (including directors who are required to work at least 25 hours a week) will be eligible to participate. The Board may amend the eligibility conditions (within the limits set by the relevant legislation).

*Grant of Options.* Invitations to apply for options to acquire ordinary shares were able to be issued within six weeks following Inland Revenue approval of the Scheme and, thereafter, in the six weeks following the announcement by the Company of its results for any period, as well as at any other time if the Board considers that there are exceptional circumstances. No invitations may be issued later than ten years after the adoption of the Scheme. Options may only be granted to employees who enter into Inland Revenue approved savings contracts, under which monthly savings are made over a period of three or five years.

The number of ordinary shares over which an option is granted will be such that the total amount payable on its exercise will correspond to the proceeds on maturity of the related savings contract. An option will be personal to the optionholder and may not be transferred by him/her.

*Individual Participation.* Monthly savings by an employee under all savings contracts linked to options granted under any savings related share option scheme may not exceed the statutory maximum (currently £250).

*Exercise of Options.* The price per ordinary share payable upon the exercise of options will not be less than the higher of:

- (a) 80% of the average of the middle-market quotations of an ordinary share on the London Stock Exchange on four dealing days within the period of 30 days (or 42 days, if applications are scaled down) ending with the date of grant of options (or such other day or days as may be agreed with the Inland Revenue), provided that no such days may fall before the Company last announced its results for any period; and
- (b) the nominal value of an ordinary share (except to the extent the Board is authorised to capitalise reserves or the option relates solely to existing ordinary shares).

Options will normally be exercisable only for six months from the third, fifth, or seventh anniversary of the commencement of the related savings contracts. Earlier exercise is permitted following cessation of employment in specified compassionate circumstances, or if an employee reaches age 60. Options will otherwise lapse on cessation of employment. Early exercise is also permitted in the event of a takeover, amalgamation, reconstruction or winding-up of the Company.

*Scheme limits.* Not more than 10% of the issued ordinary share capital of the Company may be subscribed on the exercise of options granted since 14 March 2000 under the Scheme or any other share option scheme adopted by the Company or issued over that period under any other type of employees' share scheme adopted by the Company.

A similar 5% limit will apply to “executive” options i.e. those granted under the Company's other share option schemes other than where the grants are made on any occasion either to the majority of those eligible to participate in those schemes or on a similar basis to such grants to new recruits.

*Issue of Shares.* All ordinary shares allotted under the Scheme rank equally with all other ordinary shares of the Company for the time being in issue (except as regards any rights attaching to such shares by reference to a record date prior to the date of allotment).

*Pensionability.* Benefits received under the Scheme will not be pensionable.

*Alterations.* In the event of any variation of the Company’s share capital, the Board may make such adjustments as it considers appropriate to the number of ordinary shares subject to options and the price payable on the exercise of options.

The Board may at any time alter the Scheme in any respect, subject to the prior approval of shareholders for alterations to the advantage of participants to the rules governing eligibility, the individual limit on participation, the overall limit on the issue of ordinary shares, the terms of options, the rights attaching to ordinary shares acquired on the exercise of options, the adjustment of options in the event of a variation of capital and the amendment of the Scheme. The requirement to obtain prior shareholder approval does not, however, apply to any minor alteration to benefit the administration of the Scheme, or to take account of a change in legislation, or to obtain or maintain favourable tax, exchange control, or regulatory treatment for participants or a lastminute.com group company.

**The Non-Executive Share Option Scheme 2000**

The Non-Executive Share Option Scheme 2000 was designed to recruit and retain non-executive directors of lastminute.com. The Rules of the Scheme are in substantially similar form to the Rules of the 2000 Unapproved Executive Share Option Scheme.

**7. Substantial interests**

7.1 As at 14 August 2002 (being the latest practical date prior to the date of this document) the Company had been informed or is aware of the following interests (within the meaning of Part V of the Companies Act) of three per cent. or more of the Company’s issued share capital:

<u>Shareholder</u>	<u>Number of Shares</u>	<u>Percentage of issued share capital</u>
Cheetah International Investments Limited . . . . .	17,738,065	8.55
Brent Hoberman . . . . .	15,836,133	7.63
The Reverse Family . . . . .	15,366,000	7.40
Martha Lane Fox . . . . .	10,207,879	4.92
Global Retail Partners . . . . .	9,371,280	4.52
Vimal & Gill Khosla . . . . .	6,457,423	3.11
21 Investimenti . . . . .	6,352,828	3.06

Save as disclosed above, the Company is not aware of any person who is interested, whether directly or indirectly, in three per cent. or more of the issued share capital of lastminute.com. The Directors are not aware of any other person who can, will or could, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

7.2 So far as the Company is aware the persons who would, following Completion and the exercise in full of all outstanding Travelprice.com warrants be interested, (within the meaning of Part V of the Companies Act) directly or indirectly in three per cent. or more of the enlarged share capital of lastminute.com are as follows:

<u>Shareholder</u>	<u>Number of Shares</u>	<u>Percentage of issued share capital</u>
Cheetah International Investments Limited . . . . .	17,738,065	7.32
Brent Hoberman . . . . .	15,836,133	6.54
The Reverse Family . . . . .	15,366,000	6.35
Martha Lane Fox . . . . .	10,207,879	4.22
Global Retail Partners . . . . .	9,371,280	3.87

## **8. Taxation**

### **United Kingdom Tax Considerations**

The statements set out below are intended only as a general guide to current U.K. tax law and practice. They are intended to apply only to holders of New Ordinary Shares who are resident for tax purposes in the United Kingdom (except insofar as express reference is made to the treatment of non-United Kingdom residents). The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding shares. Holders of New Ordinary Shares are advised to consult their own tax advisers concerning the consequences under U.K. law of the acquisition, ownership and disposition of New Ordinary Shares. This summary is based upon U.K. law and U.K. Inland Revenue practice in effect as of the date of this document and which may be subject to change, perhaps with retroactive effect.

### **Taxation of Dividends and Distributions**

lastminute.com is not required to withhold tax at source when paying a dividend.

An individual holder of New Ordinary Shares who is resident in the United Kingdom (for tax purposes) and who receives a dividend from lastminute.com is entitled to a tax credit which such holders may set off against his total income tax liability on the dividend. The tax credit is equal to 10 per cent. of the aggregate of the dividend and the tax credit (the “gross dividend”), which is also equal to one-ninth of the cash dividend received. A United Kingdom resident individual holder of shares who is liable to income tax at the starting or basic rate is subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full such holder’s liability to income tax on the dividend. With limited exceptions (relating to New Ordinary Shares held in individual savings accounts or personal equity plans prior to 5 April 2004), a United Kingdom resident holder of shares who is not liable to income tax in respect of the gross dividend will not be entitled to repayment of the tax credit. The rate of income tax applied to U.K. company dividends received by U.K. resident individuals liable to income tax at the higher rate is 32.5 per cent. In the case of a United Kingdom resident individual holder of New Ordinary Shares who is liable to income tax at the higher rate, the tax credited is set against but not fully matched against his tax liability on the gross dividend and he will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the net cash dividend received) to the extent that the gross dividend when treated as the top slice of his income falls above the threshold for higher income tax.

United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit attaching to dividends paid by lastminute.com, although charities will be entitled to limited compensation in lieu of repayment tax credits until 5 April 2004.

Tax credits on dividends paid by lastminute.com in respect of New Ordinary Shares held in personal equity plans (“PEPs”) or individual savings accounts (“ISAs”) are payable on dividends paid on or before 5 April 2004.

United Kingdom resident corporate holders of New Ordinary Shares are generally not subject to corporation tax on dividends paid by lastminute.com. Such holders of New Ordinary Shares are not able to claim repayment of tax credits attaching to dividends.

Non-United Kingdom resident holders of New Ordinary Shares are not generally able to claim repayment from the Inland Revenue of the tax credit attaching to dividends paid by lastminute.com. A holder of New Ordinary Shares resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. A holder of New Ordinary Shares who is not resident in the United Kingdom (for tax purposes) should consult his own tax adviser concerning his tax liabilities on dividends received from lastminute.com.

### **United Kingdom Taxation of Capital Gains**

#### **(i) U.K. resident shareholders**

A disposal of New Ordinary Shares by a shareholder who is resident for tax purposes may give rise to a gain (or loss) for the purposes of taxation of capital gains.

**(ii) Non-UK resident shareholders**

Save as set out at (iii) below, a shareholder who is not UK resident or ordinarily resident will not normally be subject to UK tax on a gain arising on a disposal of New Ordinary Shares unless the shareholder carries on a trade, profession or vocation in the UK through a branch or agency and uses, acquires or holds the New Ordinary Shares for the purposes of the trade, profession, vocation, branch or agency.

**(iii) Shareholders temporarily non-resident in the UK**

An individual shareholder who is only temporarily resident outside the UK for UK tax purposes at the date of disposal of New Ordinary Shares may be liable to UK tax on chargeable gains on becoming resident or ordinarily resident in the UK again, in respect of any disposals made while he was temporarily resident outside the UK.

**United Kingdom Inheritance Tax**

The New Ordinary Shares are assets situated in the U.K. for the purposes of U.K. inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and relief) give rise to liability to U.K. inheritance tax even if the holder is neither domiciled in the U.K. nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold shares bringing them within the charge to inheritance tax. Shareholders should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any shares through trust arrangements.

**United Kingdom Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

Holders of New Ordinary Shares will be registered on the register of lastminute.com in the U.K. Persons who are a “system member” of CREST (as defined in the CREST regulations) may elect to hold their New Ordinary Shares through CREST for trading on the London Stock Exchange.

No stamp duty or stamp duty reserve tax will be payable on the issue of New Ordinary Shares.

Any subsequent conveyance or transfer on sale of New Ordinary Shares will usually be subject to stamp duty, at the rate of 0.5% (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid. Stamp duty is normally paid by the purchaser. A charge to SDRT at the rate of 0.5% of the amount or value of the consideration paid will arise in relation to an unconditional agreement to transfer New Ordinary Shares. SDRT is normally a liability of the purchaser. However, if within six years of the date of the agreement (or, if the agreement was conditional, the date on which the agreement became unconditional) a share transfer is executed pursuant to the agreement and is duly stamped, the stamping of the transfer will normally cancel the SDRT liability. Any SDRT already paid will be refunded.

There will be no stamp duty or SDRT on a transfer of New Ordinary Shares into CREST where such a transfer is made for no consideration. A transfer of New Ordinary Shares effected on a paperless basis through CREST will generally be subject to SDRT at the rate of 0.5% of the amount or value of the consideration paid. CRESTCo will collect SDRT on relevant transactions settled through CREST and will account for the SDRT to the Inland Revenue.

The statements in this United Kingdom Stamp Duty and SDRT paragraph summarise the current position and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries and certain categories of person may be liable to stamp duty or SDRT at higher rates or may, although not primarily liable for the duty or tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

**9. Litigation**

Save as disclosed below, neither the Company nor any of its subsidiaries is engaged in, or has pending or threatened by or against it, any legal or arbitration proceedings which may have or have had during the twelve months prior to the publication of this document a significant effect on the financial position of the lastminute.com Group.

In June 2001 Deutsche Telekom forwarded to lastminute.com GmbH a draft document of action to commence an action in the Regional Court of Dusseldorf under the German Trademark Act and German Law on Fair Trading. The draft action seeks to prevent lastminute.com's use of the colour magenta in Germany. A further demand was sent 23 November 2001 demanding lastminute.com GmbH stop using magenta but the stated deadline has passed without either further correspondence or settlement of the action. This remains an ongoing action.

In February 2001 Last Minute Tour SPA commenced legal proceedings against Last Minute Network Limited and lastminute.com s.r.l. lastminute.com's Italian subsidiary in the Court of Milan. Its complaint alleged that use of the trademark lastminute.com constitutes an act of trade mark infringement of their Italian trade mark registration. They further claimed that lastminute.com's actions constitute an act of unfair competition in that we have created confusion in the market by adopting a similar trade mark to their mark and damages of approximately €25,000 per day of the alleged infringement of any injunction (if granted) and no less than approximately €500,000 in other damages. They are also seeking a declaration of non-infringement by them of lastminute.com's mark. lastminute.com's defence was served on 23 October 2001 and it is expected that the trial will be scheduled for mid-2003. This remains an ongoing action.

## **10. Material contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the lastminute.com Group within the period of two years immediately preceding the date of this document and are or may be material to the lastminute.com Group or have been entered into at any time and which contain any provision under which any member of the lastminute.com Group has any obligation or entitlement which is, or may be, material to the lastminute.com Group as at the date of this document:

### **(i) Acquisition Agreement**

On 21 July 2002, certain shareholders of Travelprice.com and lastminute.com signed the Acquisition Agreement whereby the Travelprice.com Shareholders agreed to exchange their shares in Travelprice.com for New Ordinary on the basis of a ratio of 1 share in Travelprice.com for 1.43792588 New Ordinary Shares.

The Acquisition Agreement is subject to the shareholders of lastminute.com authorising the Directors to allot a maximum of 34,645,088 New Ordinary Shares, each valued at £ 0.90 for the purposes of the transaction, to the Travelprice.com Shareholders in consideration for their shares in Travelprice.com. The exact number of New Ordinary Shares to be allotted remains to be determined at completion and during the period until 28 February 2003 having regards to the number of warrants in Travelprice.com which will either be exercised or waived by their holders until then (see below re: forward sales agreement).

50 per cent. of the New Ordinary Shares received in consideration for the exchange of shares are subject to a lock-up arrangement until 28 February 2003, reducing gradually as from the end of the fourth month.

The Acquisition Agreement also contains customary representations and warranties given by the Travelprice.com Shareholders on the consolidated accounts as at 31 December 2002 and the assets of Travelprice.com and its subsidiaries. The general warranties run until 30 September 2003 and the tax warranties and warranties as to title to Travelprice.com shares run until 28 February 2006. Disclosures have been made against certain warranties but no disclosures were made in relation to tax warranties and warranties as to title. The warranties have been capped at 25 per cent. of the value of the consideration eventually received.

25 per cent. of the New Ordinary Shares received by the Travelprice.com Shareholders will be held in escrow over a period expiring on 31 March 2004 in order to secure the payment of indemnification of any claim under the warranties referred to above, under an escrow agreement, the terms of which remain to be finally approved by the escrow agent, Messrs. JP Morgan Chase, Travelprice.com Shareholders and lastminute.com. The Travelprice.com Shareholders will be able to require the escrow agent to sell all or any of the New Ordinary Shares held in escrow, provided that the cash equivalent of £0.90 per New Ordinary Share sold is retained in the escrow account.

Mr. Roland Coutas, chief executive officer of Travelprice.com has agreed to a non-compete provision which will run for a period of two years following completion of the transaction in the event Mr. Coutas decides to leave the group.

If completion of the exchange of shares does not take place before 5 September 2002 for certain reasons more fully described in the Acquisition Agreement, the party causing completion not taking place will be liable to the other party for a break-up fee in an amount of €480,000 (in aggregate).

Messrs Coutas, Rochet, Melard, Pernikoff and Van Hotte (the “**Managers**”) have, prior to 21 July 2002, each executed waivers in relation to a number of the warrants (*bons de créateurs d’entreprise, bons de souscription de parts de créateurs d’entreprise*) held by each of them as a result of a number of issues carried out by Travelprice.com since 1999.

Each of the Managers have further executed on 21 July 2002 an agreement (the “**Forward Sales Agreement**”) with Travelprice.com and lastminute.com whereby lastminute.com has agreed to proceed with an exchange of shares with each of the Managers, under the same terms and conditions as set out in the Acquisition Agreement which they are deemed to join by executing the Forward Sales Agreement, including exchange ratio, lock-up, warranties and escrow arrangements, should they decide to exercise their outstanding and unwaived warrants and to subscribe and fully pay for shares in Travelprice.com during a period ending on 28 February 2003.

In consideration for lastminute.com agreeing to proceed with the exchange of shares, to the extent any such warrant shall remain unexercised on 28 February 2003 at 18.00 Paris time, they are unconditionally and irrevocably waived by the Managers with effect from such date.

Each of Messrs. Bellec, Brun, Babout and Bordat (the “**Junior Managers**”) have signed waivers in relation to a number of the warrants held by each of them as a result of a number of issues carried out by Travelprice.com since 1999.

Each of the Junior Managers have also signed on 21 July 2002 an agreement in the same terms and conditions as the Forwards Sales Agreement, except that none of the Junior Managers shall be liable under the warranties and the escrow arrangements.

The intended combined effect of the waivers and the Forward Sales Agreement is that the fully diluted share capital of Travelprice.com after exercised of the warrants unwaived will comprise a maximum number of 24,093,790 shares.

lastminute.com has agreed to confirm that Travelprice.com would assume a number of expenses which Travelprice.com had agreed to assume in consideration for services rendered to it in the context of the transaction such as financial advisory and legal fees, managers one off payments in the form of bonuses, in an amount of USD 1,500,000 plus €1,016,044.40 or approximately €2,500,000 (in aggregate including social charges).

**(ii) Acquisition Agreement for The Destination Holdings Group Limited**

Under an Agreement for the acquisition of shares in The Destination Holdings Group Limited (“DGL”) dated 13 June 2002 lastminute.com acquired the entire issue share capital of DGL for a total consideration of £12.0 million. The consideration was satisfied in cash from the proceeds of a vendor placing of Ordinary Shares to raise £8.0 million and by the issue of 4,835,298 Ordinary Shares.

In addition to the initial consideration, lastminute.com will pay a maximum deferred amount of £3 million, dependent upon the results of DGL for the year ending 30 April 2003. In the event that the adjusted consolidated profit of DGL before taxation (“PBT”) is £3,500,000 or more but less than £5,000,000 then the value of the earn-out consideration will be £500,000. In the event the adjusted PBT is £5,000,000 or more but less than £6,585,000, then the value of the earn-out consideration will be £1,500,000. In the event the adjusted PBT is £6,585,000 or more, the value of the earn-out consideration will be £3,000,000. The deferred consideration may be satisfied either in Ordinary Shares or cash, at the option of lastminute.com.

The 4,835,298 New Ordinary Shares in lastminute.com issued at completion are subject to lock-up provisions for 12 months from completion and orderly market restrictions. Admission of all the new Ordinary Shares was effective from 8.00 a.m. on 18 June 2002 and dealings commenced at this time.

The vendors gave certain taxation and general warranties to lastminute.com pursuant to the terms of the agreement. In respect of claims pursuant to the tax warranties, a claim must be notified not later

than the seventh anniversary of the date of the agreement. In respect of other warranties, a claim must be made not later than the 30 November 2003.

The parties entered into a Tax Deed dated 13 June 2002. The Tax Deed contains (inter alia) covenants given in respect of certain tax liabilities that may arise in DGL and certain of its subsidiaries. As with the taxation warranties, a claim must be notified not later than the seventh anniversary of the date of the agreement.

Excluding fraud, the vendors' liability in respect of all claims under the agreement will not in any circumstances exceed £12,000,000 plus an amount equal to the earn-out consideration (if any).

The vendors gave certain indemnities to lastminute.com in respect of DGL and its subsidiaries.

Raj Kumar, the joint majority shareholder and Group Managing Director of DGL, joined the Executive Committee of lastminute.com with effect from completion.

**(iii) Acquisition Agreement for Trivsellect.com**

Under an agreement for the acquisition of shares in Trivsellect.com Limited ("Trivsellect") dated 8 April 2002, lastminute.com acquired the entire issued share capital of Trivsellect for a total consideration of £9.0 million. The consideration was satisfied by the issue of 14,538,011 Ordinary Shares in lastminute.com.

In addition to the initial consideration, lastminute.com will pay further consideration depending on the EBITDA achieved for the year to 31 January 2003. In the event that EBITDA is £300,000 or more than £300,000 but less than £500,000, the value of the earn-out consideration will be 1.5 million plus £3.50 for every £1 by which EBITDA exceeds £300,000. In the event that EBITDA is £500,000 or more, but less than £1 million, the value of the earn-out consideration payable will be £2.2 million plus £1.60 for every £1 by which the EBITDA exceeds £500,000. The further consideration payable will be no more than £3 million. It may be satisfied either in Ordinary Shares or in loan notes, at the option of lastminute.com.

The vendors gave certain taxation and general warranties to lastminute.com pursuant to the terms of the agreement. In respect of claims pursuant to the tax warranties, a claim must be notified on or before the seventh anniversary of completion. In respect of other warranties, a claim must be made on or before 8 April 2003.

The parties entered into a Tax Deed dated 8 April 2002. The Tax Deed contains (inter alia) covenants given in respect of certain tax liabilities that may arise in Trivsellect and certain of its subsidiaries. As with the taxation warranties, a claim must be notified on or before the seventh anniversary of completion.

The warrantors are not liable in respect of any claim (including claims under the Tax Deed) except to the extent that their aggregate liability in respect of all claims (excluding those under £10,000) exceeds £100,000, in which case the full amount and not just the excess over that figure is payable. The aggregate liability of each of the warrantors will not exceed an amount equal to the proceeds of the sale of the consideration shares (subject to certain limited exceptions).

The vendors gave certain indemnities to lastminute.com in respect of named subsidiaries of Trivsellect and certain benefit schemes.

Vimal Khosla, majority shareholder and Chief Executive of Trivsellect, joined the Board as Director on completion of the agreement.

Of the 14,538,011 Ordinary Shares in lastminute.com issued as initial consideration, 89 per cent. are subject to lock-up provisions for 12 months from completion (subject to certain limited exceptions).

## 11. Principal Subsidiary and associated companies

lastminute.com is the holding company of the Group. The following table shows the principal subsidiary and associated undertakings of lastminute.com.

<u>Subsidiary Company</u>	<u>Nature of Business</u>	<u>Country of Incorporation</u>	<u>Registered office</u>	<u>Group Interest in Equity (%)</u>
Last Minute Network Limited . . . . .	Marketer	UK	4 Buckingham Gate, London SW1E 6JP	100
Urbanbite Limited . . . . .	Marketer	UK	4 Buckingham Gate, London SW1E 6JP	100
The Destination Holdings Group Limited . . . . .	Marketer	UK	Lyton House, 7-12 Tavistock Square, London WC1H 9LT	100
Travelselect.com Limited . . . . .	Marketer	UK	Grapes House, 79a High Street, Esher, Surrey KT10 9QA	100
Globepost Limited . . . . .	Marketer	UK	Grapes House, 79a High Street, Esher, Surrey KT10 9QA	100
The Destination Group Limited . . . . .	Marketer	UK	Lynton House 7-12 Tavistock Square London WC1H 9LT	100
Last Minute Network SARL . . . . .	Marketer	France	12 Avenue des Beguines, 95800 Cergy St. Christophe, France	100
Revalfi SA . . . . .	Marketer	France	12 Avenue des Beguines, 95800 Cergy St. Christophe, France	100
Voyages sur Mesures SA . . . . .	Marketer	France	12 Avenue des Beguines, 95800 Cergy St. Christophe, France	100
Lastminute.com BV . . . . .	Marketer	Netherlands	Westeinde 14, 1017 ZP, Amsterdam, Netherlands	100
Lastminute.com srl Italy . . . . .	Marketer	Italy	Via Torino 63, 20123 Milan, Italy	100
Lastminute.com GmbH . . . . .	Marketer	Germany	Kirchenstrasse 68, 81675, Munich, Germany	100
Lastminute Travel AB . . . . .	Marketer	Sweden	Hantverkargatan 78, 112 38, Stockholm, Sweden	100
LastMinute Network Pty . . . . .	Marketer	South Africa	Tourvest Holdings (Proprietary) Limited (94/01594/07) Dunkeld Office Park, 6 North Road, Dunkeld West, Johannesburg, 2196, South Africa	25.1

## Part IV—Additional Information

<u>Subsidiary Company</u>	<u>Nature of Business</u>	<u>Country of Incorporation</u>	<u>Registered office</u>	<u>Group Interest in Equity (%)</u>
Lastminute.com (Australia) Pty Limited . .	Marketer	Australia	Level 4, 76-80 Clarence Street, Sydney, NSW 2000, Australia	25.1
Lastminute Network SL . . . . .	Marketer	Spain	Gran Via de Corts, Catalan 84, Barcelona, Spain	30
lastminute.com Japan Limited . . . . .	Marketer	Japan	2-3-1 Morunouchi Chiyoda-Kv Tokyo, Japan	32.9
LCC24 GmbH . . . . .	Marketer	Germany	Zossener Str. 55-58, 10691 Berlin, Germany	20

### 12. Investments

The following are summaries of the main investments (including shares) made by the lastminute.com Group over the past three financial years and during the current financial year:

<u>Investment</u>	<u>Date</u>	<u>Cost (£'000)</u>	<u>Assets acquired</u>
Acquisition of Degriftour . . . . .	30 September 2000	57,422	Shares
Acquisition of Urbanbite . . . . .	13 July 2001	57	Shares
Acquisition of Travelselect.com . . . . .	8 April 2002	10,055	Shares
Investment in LCC24 . . . . .	10 June 2002	2,400	Shares
Acquisition of The Destination Group . . . .	13 June 2002	13,931	Shares

### 13. Directors' Service Agreements and Emoluments

13.1 The following Directors have service contracts with lastminute.com or a subsidiary on the following terms:

- (i) Brent Hoberman entered into a service contract with Last Minute Network Limited on 15 February 2000. His current basic salary is £150,000.
- (ii) Martha Lane Fox entered into a service contract with Last Minute Network Limited on 15 February 2000. Her current basic salary is £140,000.
- (iii) David Howell entered into a service contract with Last Minute Network Limited on 21 June 2001. His current basic salary is £140,000.
- (iv) Vimal Khosla entered into a service contract with Last Minute Network Limited on 8 April 2002. His current basic salary is £75,000.

These service contracts are terminable upon not less than six months' notice from the Directors or upon not less than six month's notice from the employer.

In addition to basic salary, Mr. Hoberman, Ms. Lane Fox and Mr. Howell are entitled to the following benefits: paid holiday, company sick pay, participation in lastminute.com's private health, life assurance and pension schemes, and participation in lastminute.com's share schemes. A bonus may be paid each of the Directors at the discretion of the remuneration committee.

Mr. Khosla is entitled to the following benefits: paid holiday, company sick pay, participation in lastminute.com share schemes and a travel allowance.

The employment agreements allow lastminute.com to terminate their employment with immediate effect by making a payment in lieu of notice based on salary that would have been payable during the notice period.

The employment agreements provide for, amongst other things, each of the individuals to render their services to lastminute.com on a full time basis or, if lastminute.com requests, to one of lastminute.com's subsidiaries or affiliates. In addition, the employment agreements contain an express obligation of confidentiality in respect of lastminute.com's trade secrets and confidential information

and provide that lastminute.com will own any intellectual property rights created in the course of their employment. The agreements also contain restrictive covenants which prevent the employees from competing with lastminute.com and soliciting key customers and employees of lastminute.com and lastminute.com Group companies for a period of 12 months following the termination of employment.

All Non-Executive Directors have letters of appointment from the Company. Allan Leighton receives reimbursement for reasonable expenses. Brian Collier, Laurent Laffy and Bob Collier are entitled to fees at the rate of £20,000 per annum, payable quarterly but subject to a commitment to purchase shares in the Company in the market to a value equal to the after tax value of such fees.

13.2 The aggregate remuneration (including benefits in kind, pension contributions and bonus) paid to the Directors and former directors during the financial year ended 30 September 2001 was approximately £595,000. The total emoluments receivable by the Directors will not be varied in consequence of the Acquisition.

**14. Directors Interests**

14.1 Save for the contract referred to in paragraph 10(iii) of this Part IV (in relation to Vimal Khosla), no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the lastminute.com Group and which was effected by any member of the lastminute.com Group during the current financial year or that ended 30 September 2001 or which was effected during an earlier financial year and which remains in any respect outstanding or unperformed.

14.2 No loans or guarantees have been granted or provided to, or for the benefit of, any of the Directors by any member of the lastminute.com Group.

14.3 As at 14 August 2002 (the latest practicable date prior to the date of this document), and (assuming no changes in the intervening period) immediately following completion of the Acquisition (a) the interests in the share capital of the Company of the lastminute.com Directors and persons connected with them (within the meaning of section 346 of the Companies Act) (all of which, unless otherwise stated, are beneficial), notified to the Company pursuant to sections 324 or 328 of the Companies Act or which are required to be entered in the register to be maintained under the provisions of section 325 of the Companies Act or which are interests of a person connected with a lastminute.com Director (within the meaning of section 346 of the Companies Act), which interests, if such connected persons were Directors would be required to be disclosed pursuant to sections 324 or 328 of the Companies Act or entered in the register to be maintained under the provisions of section 325 and the existence of which is known or could, with reasonable diligence, be ascertained by the Directors and (b) the number of Ordinary Shares held under option by the Directors under the lastminute.com Share Option Schemes, were and are expected to be as follows immediately following completion of the Acquisition (assuming all proposed New Ordinary Shares are issued):

(a) Ordinary Shares

Name	Number of lastminute.com Shares as at 14 August 2002	Percentage of issued share capital as at 14 August 2002	Percentage of issued share capital immediately following Acquisition
Allan Leighton . . . . .	197,273	0.10	0.08
Brent Hoberman . . . . .	15,836,133	7.63	6.54
Martha Lane Fox . . . . .	10,207,879	4.92	4.22
Vimal Khosla . . . . .	6,457,423	3.11	2.67
Bob Collier . . . . .	13,157	0.01	0.01
Laurent Laffy <sup>(1)</sup> . . . . .	17,738,065	8.55	7.33
Linda Fayne Levinson <sup>(2)</sup> . . . . .	9,371,280	4.52	3.87
Brian Collie . . . . .	19,155	0.01	0.01

(1) Laurent Laffy is a partner in Arts Alliance Advisors, investment advisor to Cheetah International Investments Limited, which has an interest over 17,738,065 Ordinary Shares. He has a beneficial interest in 45,600 of the Ordinary Shares held by Cheetah International Investments Limited.

(2) Linda Fayne Levinson is a partner of Global Retail Partners, L.L.P. and its affiliates, which have an interest in 9,371,280 Ordinary Shares. She disclaims beneficial ownership of these shares, except for her proportional interest therein.

## Part IV—Additional Information

On 12 August, Cheetah International Investments Limited and Global Retail Partners sold 8,000,000 and 4,000,000 shares respectively. As disclosed in the announcement, dated 12 August 2002, these shares were sold on a deferred basis, with settlement occurring on 28 August 2002, in order to ensure the irrevocable undertakings they had entered into to vote in favour of the resolutions at the forthcoming EGM were satisfied.

No other Director has an interest in Ordinary Shares.

### (b) Options over Ordinary Shares

The Directors interests in share options over Ordinary Shares were as follows:

	<u>Exercise Price</u> <u>Pence</u>	<u>At 14 August</u> <u>2002</u> <u>Number</u>	<u>Exercisable until</u>
<b>Executive Directors:</b>			
Brent Hoberman . . . . .	2.31	151,335	28 June 2008
Martha Lane Fox . . . . .	2.31	129,675	28 June 2008
David Howell . . . . .	34.00	1,000,000	3 July 2011
Vimal Khosla . . . . .	61.25	300,000	7 April 2012
<b>Non-Executive Directors:</b>			
Robert Collier . . . . .	2.31	320,625	31 October 2008
Allan Leighton . . . . .	137.50	1,000,000	7 January 2011

Vimal Khosla also has an interest in share options over 300,000 Ordinary Shares granted to Gillian Khosla at an exercise price of 61.25p per share exercisable to 7 April 2012.

14.4 Save as disclosed above, none of the Directors nor any person connected with them (within the meaning of Section 346 of the Companies Act) has (or is expected to have following the Acquisition) any interest in the share capital of lastminute.com or any of its subsidiaries.

## 15. Working Capital

The Company is of the opinion that, having regard to its existing banking facilities, it has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this document.

## 16. Significant Change

There has been no significant change in the financial or trading position of the lastminute.com Group since 30 June 2002, the date to which the last published financial statements of the lastminute.com Group were made up.

## 17. Miscellaneous

17.1 There has been no interruption to the lastminute.com business which has or may have had during the 12 months preceding the date of this document a significant effect on lastminute.com.

17.2 The total expenses of or incidental to the issue of the Consideration Shares, which are payable by lastminute.com, are estimated to amount to approximately £350,000 (excluding Value Added Tax, if any).

17.3 The New Ordinary Shares are being issued at a price of 90p, representing a premium of 89p over the nominal value of 1p.

17.4 lastminute.com's auditors are Ernst & Young LLP, Becket House, 1 Lambeth Palace Road, London SE1 7EU. The statutory accounts of Last Minute Network Limited for the period from 1 October 1998 to 30 September 1999 and the consolidated financial statements of lastminute.com for the two years ended 30 September 2001 have been audited by Ernst & Young. Such reports have all been unqualified and have been filed with the Registrar of Companies.

17.5 Ernst & Young LLP has given and has not withdrawn its consent to the issue of this document with the inclusion of the references to its name in the form and context in which it appears.

- 17.6 The Ordinary Shares are in registered form. No temporary documents of title will be issued in relation to the new Ordinary Shares.
- 17.7 The Directors are not aware of any arrangement under which future dividends are waived or agreed to be waived.
- 17.8 The financial information covering the lastminute.com Group contained in this document does not constitute statutory accounts within the meaning of Section 240 of the Companies Act. Statutory accounts of the Group in respect of the financial year ended 30 September 2001 have been delivered to the Registrar of Companies. In respect of these statutory accounts, the auditors have given a report which was unqualified and did not contain a statement under Section 237(2) or (3) of that Act.

**18. Documents available for inspection**

Copies off the following documents will be available for inspection at the offices of Herbert Smith, Exchange House, Primrose Street, London EC2A 2HS, and at the Company's registered office, 4 Buckingham Gate, London, SW1E 6JP, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to 27 August 2002, the date of the EGM.

- (i) the Memorandum and Articles of Association of lastminute.com;
- (ii) the material contracts referred to in paragraph 10 of this Part IV;
- (iii) the service contracts referred to in paragraph 13 of this Part IV;
- (iv) the Acquisition Agreement, its annexures together with the Forward Sale Agreement;
- (v) the circular to shareholders of lastminute.com relating to the notice of Extraordinary General Meeting;
- (vi) the audited consolidated financial statements of lastminute.com for the three financial years ended 30 September 2001;
- (vii) the audited consolidated financial statements of Travelprice.com for the two financial years ended 31 October 2001;
- (viii) the rules of the lastminute.com Share Option Schemes; and
- (ix) the irrevocable undertakings to vote in favour of the resolutions at the Extraordinary General Meeting referred to in paragraph 1 of Part I of this document.
- (x) the consent letter referred to in paragraph 17.5 of this Part IV.

15 August 2002





