lastminute.com plc
Fourth Quarter and Preliminary Results

lastminute.com

NEWS RELEASE

For Immediate Release **22 November 2002**

PRELIMINARY RESULTS ANNOUNCEMENT

DELIVERS FOURTH QUARTER GROUP PRE TAX PROFIT (PRE EXCEPTIONAL ITEMS AND GOODWILL AMORTISATION), GROUP EBITDA AND POSITIVE OPERATIONAL CASHFLOW

lastminute.com today announces fourth quarter results completing a year of transformation. In Quarter 4 the Group has delivered, for the first time, positive operating cashflow, Group EBITDA of £2.8 million and Group pre tax profit (pre exceptional items and goodwill amortisation).

- **Completion of 3 strategic acquisitions and an investment in core countries and core categories. The integration of Travelselect.com and Destination Group completed as planned by 30 September 2002**
- **Customer conversion rate improves to 22.6% from 13.9% in Quarter 4 2001. Cumulative customer numbers since inception are now approaching 1.3 million**
- **Total transaction value for 2002 grew 98% year-on-year to £246.0 million (2001: £124.2 m). TTV for the Quarter grew by 140% year-on-year (Q4 2001: £46.9m). Year-on-year organic growth in Quarter 4 amounted to 55% across the Group**
- **Gross profit for 2002 grew by 93% to £33.3 million (2001: £17.2m) and for Quarter 4 2002 by 129% year-on-year (Q4 2001: £6.4m)**
- **Group EBITDA of £2.8 million achieved in Quarter 4 for the first time, against an equivalent loss of £5.7 million for Quarter 4 2001**
- **In Quarter 4 we have delivered for the first time Group pre tax profit (pre exceptional items and goodwill amortisation) of £0.3 million (Q4 2001: loss before tax (pre goodwill amortisation) £7.4m)**
- **Positive operating cashflow of £0.4 million in Quarter 4, a net improvement of £7.2 million year-on-year (Q4 2001: outflow £6.8m). Cash balance grows to £49.6 million at 30 September 2002 (Q4 2001: £46.6m)**

Allan Leighton, Chairman said:

"2002 has been a very successful year delivering strong organic growth strengthened by strategic acquisitions in core countries. The new financial year has started strongly and we are confident of another year of sustained and improving performance as we continue to rapidly increase our scale and presence in targeted markets and sectors."

Brent Hoberman, Chief Executive, added:

"The integration of Degriftour in France and Travelselect.com and Destination Group in the UK are complete. The integration process of Travelprice.com is well on track and will be completed by 28 February 2003 and will provide significant operational synergies."

lastminute.com plc
Fourth Quarter and Preliminary Results

Financial Highlights (£'000s)

Year-on-year	**Year ended 30 Sept 2002**	**Year ended 30 Sept 2001**	**Growth**
Registered subscribers at year end	**6,443,381**	4,208,484	**53.1%**
Cumulative unique customers since inception[1]	**1,277,887**	536,446	**138.2%**
New unique customers in the year	**741,441**	380,250	**95.0%**
Number of items sold in the year	**1,719,362**	806,155	**113.3%**
Total transaction value (departure based)[2]	**£245,971**	£124,210	**98.0%**
Total turnover (incl. share of joint ventures)	**£35,077**	£18,416	**90.5%**
Gross profit	**£33,264**	£17,204	**93.4%**
Gross margin	**13.5%**	13.9%	**Down 0.4 percentage points**
EBITDA	**£(7,326)**	£(33,590)	**Loss down 78.2%**
Loss before taxation (pre exceptional items and goodwill amortisation)	**£(16,167)**	£(39,086)	**Loss down 58.6%**
Operating cash outflow	**£(7,979)**	£(35,968)	**Outflow down 77.8%**
Cash balance at year end	**£49,617**	£46,617	**6.4%**

Quarter-on-quarter	**Quarter ended 30 Sept 2002**	**Quarter ended 30 Jun 2002**	**Growth**
Registered subscribers at quarter end	**6,443,381**	5,603,890	**15.0%**
Cumulative unique customers since inception[1]	**1,277,887**	1,016,932	**25.7%**
New unique customers in the quarter	**260,955**	197,020	**32.5%**
Number of items sold in the quarter	**633,603**	428,765	**47.8%**
Total transaction value (departure based)[2]	**£112,444**	£61,044	**84.2%**
Total turnover (incl. share of joint ventures)	**£15,157**	£8,382	**80.8%**
Gross profit	**£14,787**	£7,883	**87.6%**
Gross margin	**13.2%**	12.9%	**Up 0.3 percentage points**
EBITDA	**£2,837**	£(1,900)	**Positive improvement 249%**
Profit/(loss) before taxation (pre exceptional items and goodwill amortisation)	**£302**	£(3,997)	**Positive improvement 108%**
Operating cash inflow/(outflow)	**£433**	£(3,236)	**Positive improvement 113%**
Cash balance at quarter end	**£49,617**	£41,512	**19.5%**

1 Only includes Degriftour, Travelselect.com, Destination Group and Travelprice.com's unique customers since acquisition in October 2000, April 2002, June 2002 and end of July 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.

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High resolution photographs will be available to media at www.vismedia.co.uk

Notes to Editors:
About lastminute.com
lastminute.com operates directly in eight European countries and participates in four international joint ventures, providing inspirations and solutions for customers at the last minute. At 30 September 2002 lastminute.com had over 6.4 million subscribers to its weekly newsletter and had established approximately 14,500 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, Belgium, Australia, New Zealand, South Africa and Japan. The travel portfolio of lastminute.com has been further supplemented by the acquisition of Travelselect.com, Destination Group and Travelprice.com in April 2002, June 2002 and at the end of July 2002 respectively.

CHAIRMAN'S STATEMENT

I am pleased to report that lastminute.com completed a successful year in which the Group delivered strong organic growth and strengthened its position in core markets and core sectors through three strategic acquisitions and the 20% investment in a recently launched German online travel agency. Importantly, in the key Quarter 4, lastminute.com delivered for the first time, profit before taxation (pre exceptional items and goodwill amortisation) and positive operating cashflow.

Strategic acquisitions and investment

During the year the Group has been successful in completing three strategic acquisitions which have materially enhanced the scale of the Group's operations as well as the depth of its product offering. The acquisitions have created significant opportunities for cost synergies and margin enhancement, the benefits of which are already being partially delivered. In addition the Group also completed a 20% investment in LCC24.com.

The acquisition of Travelselect.com in April 2002 tripled the UK's flights volume and facilitated access to a further 27 key airline relationships. The Group benefits from a business that was immediately earnings enhancing and generating positive operating cashflow.

With the acquisition of Destination Group in June 2002, the Group strengthened the lastminute.com product portfolio through tailor-made holiday solutions for clients for both long-haul destinations and city breaks. This UK based acquisition was also immediately earnings enhancing and generating positive operating cash flow.

The acquisition of Travelprice.com at the end of July 2002, continued lastminute.com's consolidation of the online travel and leisure sector in Europe. The Travelprice.com Group was one of the largest independent online travel and leisure providers in France, Italy, Spain and Belgium. The Group will obtain significant benefits from this combination which has reinforced our position as the leading online French and Italian travel and leisure business.

In June 2002, the Group formed a strategic partnership in Germany with LCC24.com, with a view to creating the largest online German travel agency. The Group's 20% investment in LCC24.com strengthens the already established position of lastminute.com GmbH with offline and in-store marketing in LCC's 400 German franchised travel agencies in 300 major cities. LCC24.com commenced operations in October 2002 and is providing access to 4 million customers and exclusive products.

Additionally, in November 2002 the Group announced the acquisition of Exhilaration Incentive Management Limited for an initial consideration of £1.0 million, satisfied wholly in new lastminute.com plc shares. This acquisition adds scale to the lifestyle category of lastminute.com and provides an excellent platform for international expansion.

On all key independent metrics lastminute.com remains the leading online travel and leisure provider in Europe.

Business performance

The strategic changes and transformation delivered this year are clearly reflected in our financial results. Departure based total transaction value (TTV) for the year has grown from £124.2 million to £246.0 million for the year ended 30 September 2002, an increase of 98%. The final quarter, the most important for the key travel sector, saw TTV of £112.4 million (Q4 2001: £46.9 million), an increase of 84% over the third quarter of this year and a 140% increase over the equivalent period last year.

We have also delivered for the first time in Quarter 4 profit before taxation (pre exceptional items and goodwill amortisation) of £0.3 million, Group EBITDA of £2.8 million and positive operating cashflow of £0.4 million.

Board

I would like to take this opportunity to thank Linda Fayne Levinson who stepped down from the Board in August 2002. Linda had been a Non-Executive Director of the Company since February 2000 and in that time added significant value to the growth of lastminute.com.

Vimal Khosla, previously Chief Executive of Travelselect.com, has joined the Board as an Executive Director from April 2002. Vimal brings a wealth of experience from the travel and airline industry.

Outlook

lastminute.com has established itself as a major international lifestyle e-commerce retailer with a formidable brand, varied product offering and strong relationships with key suppliers. It now operates in 12 countries with a market leading position in Western and Southern Europe.

The new financial year has started strongly and we are confident of another year of sustained and improving performance as we continue to rapidly increase our scale and presence in our targeted markets and sectors.

Allan Leighton
Chairman
22 November 2002

OPERATIONAL REVIEW

In the third full year of trading the Group has advanced further towards our vision of becoming the number one European e-commerce lifestyle player by delighting our customers with great value inspirations and solutions. Our vision today remains the same as at inception, however, the business now benefits from the economies of scale following the delivery of high organic and acquisitive growth in all core countries.

Geographic expansion

During the year we have consolidated our position as the leading European online provider of travel and leisure solutions by a number of strategic acquisitions and a strategic investment.

In Europe we completed the acquisition of Travelprice.com at the end of July 2002. This acquisition has extended our markets to include Belgium as well as deepening our presence in France, Italy and Spain.

Additionally in Europe in June 2002, we completed an investment in LCC24.com. LCC24.com is the online vehicle for Lufthansa City Center (LCC), the largest independent offline travel agency in Germany with a turnover of in excess of €1.6 billion annually. LCC have committed to convert 5% of their annual sales to online booking. lastminute.com provides the website technology for LCC24.com.

In the UK, our major market, we completed the acquisitions of Travelselect.com and the Destination Group in April and June 2002 respectively. These acquisitions add substantially to the overall scale of the travel components of lastminute.com UK.

In certain countries our strategy is for the Group to develop joint ventures with strong local travel partners. In addition to the existing joint ventures in Australia, South Africa and Spain, we announced the completion of a joint venture in Japan partnering lastminute.com with two of Japan's largest travel operators and other strategic partners. The Japanese site went live in June 2002. The site is operated as a partnership with Kinki Nippon Tourist Co. Ltd., Nippon Travel Agency Co. Ltd., Mitsubishi Corporation/MC Capital Fund, Credit Saison Co. Ltd and Japan Efund. The Japanese site had over 65,000 subscribers at 30 September 2002.

In Australia our joint venture partner has recently begun trading in New Zealand, extending lastminute.com services to that market.

Overall the acquisitions and joint ventures have further consolidated our position in the online travel and leisure markets and extended our reach to 12 countries.

Integration of acquisitions

The integration of Travelselect.com and Destination Group with lastminute.com's travel categories was completed just prior to the end of the financial year. The fully integrated travel unit is now operating under a single management structure and from a single site based in Farringdon, London.

Following the acquisition of Travelprice.com at the end of July 2002, we have fundamentally changed the nature and focus of the business and implemented a single French management team responsible for delivery of the integration of the businesses as well as delivery of the synergies. The integration is proceeding as planned and is on course for completion by 28 February 2003 when we expect the majority of the team to be relocated at a single operating unit based just outside Paris. We will also utilise a single technology platform from this date. We anticipate that full year synergies of approximately €10 million will arise following completion of the integration.

Increasing brand recognition

Four years from inception the lastminute.com brand continues to exhibit substantial growth. The number of subscribers receiving our weekly newsletters has increased to over 6.4 million at 30 September 2002, a growth of 53% compared with 30 September 2001.

We continue to use the brands of the companies acquired during the year as they have independent brand collateral. We actively promote and invest in the lastminute.com umbrella brand through ongoing marketing campaigns, links on the homepage, pop ups and special offers.

lastminute.com is recognised as the clear number one online travel and leisure brand in Europe.

Product focus through Global Product Lines

During the year we have introduced a new Global Product Lines structure across the key categories of Flights, Hotels and Tour Operating. These categories are now centrally managed across all countries and markets, thus enabling us to drive rapid growth in these areas through improved processes. This structural change has led to the implementation of a number of efficiencies across the business, while respecting local customer sensitivity. Managing product supply at a global level allows us to maximise our purchasing power with suppliers, drive group wide strategy, develop key categories and improve back office efficiencies, all of which benefit our customers. The operational and technical functions are also now focused to support these Global Product Lines.

Strengthening our product offering

An important factor in enhancing our value to customers is the expansion of our product range in all categories. This development has been assisted by the implementation of the Global Product Lines structure which over the past year has deepened relationships with existing suppliers and added key new suppliers to our offering. The enhancement of multiple relationships has been achieved via our acquisitions in Europe – with Travelselect.com extending access to a further 27 key airline relationships, Destination Group extending our relationships with hoteliers and car-hire suppliers and Travelprice.com expanding our supplier reach in Europe. We are able to provide suppliers with a 'tool-kit' of options for selling product at the last minute – through the push of our email or special merchandising promotions, through our search functionality and through auctions. We believe these mechanisms allow suppliers to achieve the best possible yield for their products. As our position in Europe has consolidated, our supply relationships have become more meaningful and have delivered unbeatable deals to the customer. In every category we have built exclusive value products that drive customers on-line to purchase.

Deepening supplier relationships

At 30 September 2002 we had approximately 14,500 individual supplier relationships. An important element of our success has been our ability to demonstrate to suppliers that we are able to manage their excess inventory. Our new supplier extranets for our Hotels and Holidays categories allow suppliers to upload their own products into our database thus creating back office efficiencies for lastminute.com and a more streamlined process for suppliers. We continue to leverage our strong track record to maintain the relationships with industry leaders across all categories.

Improved customer support and services

In September 2002 we announced the completion of a contract with 7C (Holdings) to outsource our UK data entry and a proportion of post sales customer support. We continue to have locally based customer support and service teams for our European operations that deal with all direct sales related enquiries arising from our website, press coverage and marketing activities. Our customer support staff are multilingual and all communication is conducted in the relevant home country language. Our customer support policy aims to ensure that customer e-mails are answered within two hours, if received during working hours, and overnight if received outside of working hours.

The commercial outsourcing arrangement with 7C (Holdings) has the benefit of converting costs that are predominantly fixed into a variable cost thus providing added flexibility. In addition, we anticipate that cost savings of at least £2 million in a full financial year will arise as a result of this arrangement.

Technology investment and enhancements

Improved technology continues to make a major impact on the speed and user friendliness of our website. In order to maintain our competitive advantage we continue to innovate and invest approximately £15 million annually in technology. This investment ensures we stay ahead of competitors by delivering a superior customer experience and by providing further functionality for suppliers. lastminute.com also benefits from this investment through improved cost efficiencies. The efficiencies delivered during the year ended 30 September 2002 have contributed significantly to the delivery in Quarter 4 of profit before taxation (pre exceptional items and goodwill amortisation), significant Group EBITDA and positive operating cashflows.

During the year we signed a contract with COLT to build an advanced hosting and network management solution to enable the Group to meet increasing customer demand. The design is now more technically robust and is distributed over two Internet Solutions Centres, which has increased the reliability of the system and boosted the capacity to handle traffic by an anticipated 400%. This development enables browsers to reach lastminute.com continuously and ensures that the service is significantly faster.

With the exception of Travelprice.com which was acquired at the end of July 2002, we have integrated all legacy technology platforms so that sites now run on a single system enabling us to further reduce technology spend and achieve a greater return on investments. The integration of Travelprice.com is proceeding to plan and the migration to the lastminute.com technical platform is scheduled to occur by the end of February 2003.

Throughout the year we have continued to improve the speed and stability of the site and introduced several enhancements to improve the customer experience thus contributing to increased conversion in every quarter. Improved performance enhances our ability to attract and retain users, strengthen our identity and increases the sales of products through our websites. By listening to and understanding our customers' needs we continue to apply more functionality, user tools, information and process automation to the lastminute.com experience. These elements enhance the customer experience and drive the key metrics and efficiencies across our business.

Efficiency gains
We have completed the design and development of extranets in the Holidays and Hotels categories. These have delivered improved back office processes, a more efficient interface with suppliers and a more reliable “real time” service for customers. The integration of Degriftour, Travelselect.com and Destination Group technology, supplier relationships and back office processes have all been completed by 30 September 2002 and are starting to produce cost savings. We are insourcing our weekly newsletter distribution which will further contribute to cost reductions.

Conversion
During the year we developed new functionality to enable a new purchase system called “Fastbuy”. This allows customers to streamline the purchasing process by prompting them with their payment and delivery options with pre-populated fields on the purchase page. This information is easy to amend on a purchase-by-purchase basis. This new process ensures customers can purchase quickly and easily. Throughout the year these improvements have contributed to us consistently improving the customer conversion rate to 22.6% by 30 September 2002 (30 September 2001: 13.9%).

Flights booking engine
The acquisition of Travelselect.com has provided the Group with a new flights booking engine, ‘Travelselector’. This has been developed by Travelselect.com over a number of years and its adoption across the Group benefits customers through improved search capabilities, flight options and a simpler more user-friendly online experience.

New platforms
One of lastminute.com’s stated aims is to offer customers the right product at the right time on the right communications device. During the past year we have continued to invest in technology to enable us to do so. In May 2002 we announced the launch of our European voice automated hotel reservation service. We believe this is the first application of its type in the world and allows customers who are not near a PC to book selected hotels listed on our website automatically by telephone. We have called this service “Hotels on the move”.

Personalisation
We have also enabled registered customers to customise their personal homepage (“mylastminute.com”) using technology that stores personal preferences and prompts the display of products and services that are relevant to an individual’s needs and lifestyle. We are also benefiting from the implementation of the e.piphany platform and as a result now regularly send over 170 targeted weekly newsletters to in excess of 2.5 million subscribers in the UK. This software will be implemented in all markets over the coming year. The ability to target offers to particular customers or geographic areas ensures that subscribers receive information relevant to them. The e.piphany platform enables us to run targeted e-mail campaigns. These targeted messages have improved click through rates which are over 30% higher than those achieved on non-targeted messages.

Dynamic packaging
lastminute.com's tour operating businesses have been transformed by the acquisition of Destination Group, which has extensive expertise in tour operating both for short European city breaks and long haul holidays. The acquisition has also accelerated the delivery of 'dynamic packaging' where customers can tailor-make their own holiday by selecting from a menu of flights and hotels products. The second phase of this functionality will be introduced before the end of 2002.

Through the further investment in technology, 2003 will see the completion of additional phases in the launch of dynamic packaging which should contribute to improvements in gross margin as well as providing greater flexibility for customers. The integration of Travelprice.com is planned to be completed by the end of February 2003, including the migration of the Travelprice.com technology platform to the lastminute.com platform, thus achieving a single groupwide platform.

Brent Hoberman
Chief Executive Officer

Martha Lane Fox
Group Managing Director
22 November 2002

FINANCIAL REVIEW

During the year ended 30 September 2002 we successfully delivered significant organic total transaction value and gross profit growth as well as enhancing this growth, through the contributions from key acquisitions.

We have also succeeded in reducing our like-for-like year-on-year cash cost base by £13.2 million. This achievement has exceeded the commitment made at the end of the last financial year to reduce the cash cost base by £10.0 million.

We are also delighted that for the first time the Group has delivered profit before tax (pre exceptional items and goodwill amortisation) of £0.3 million, Group EBITDA of £2.8 million and positive operating cashflow of £0.4 million in our key Quarter 4.

The consolidated profit and loss account and cash flow for the year includes the post acquisition results of the businesses acquired during the year. The results of Travelselect.com, Destination Group and Travelprice.com have been included from April 2002, June 2002 and the end of July 2002 respectively.

Total transaction value (TTV), turnover and gross profit

TTV, turnover and gross profit showed substantial increases during the year under review with the increases being driven by strong organic growth as well as by contributions from acquisitions. This organic growth has been achieved from increased conversion of registered subscribers to customers, increased average spend per item sold as well as the expansion of products and services available to our customers.

TTV

TTV of products and services sold through our websites and other electronic platforms for the year ended 30 September 2002 was £246.0 million, representing an increase of 98% over TTV for the prior year of £124.2 million.

Organic like-for-like TTV growth for the Group was 55% during the year. Our most established country, the UK, achieved annual like-for-like TTV growth of 101% which clearly demonstrates that four years from launch, the business model continues to work increasingly well. The French travel market took longer than the UK market to recover from the effects of 11 September 2001. This was reflected in the lower organic growth rates achieved in our French business in the first and second quarters of the year. Overall the French business grew 13% organically during the financial year. The acquisition of Travelprice.com, which derives in excess of 70% of its business in France, has already started to contribute to further growth in the French market.

TTV during Quarter 4 in the UK grew organically by 73% and in France by 43%. Overall the Group achieved organic growth of 55% during this key Quarter.

Turnover

Total turnover for the year was £35.1 million, representing an increase of 90% over the previous year (2001: £18.4 million).

Total cost of sales for the year amounted to £1.6 million (2001: £1.2 million). The low level of cost of sales relative to TTV and turnover continues to reflect the minimal level of risk carried by the Group.

Gross profit

Gross profit for the year was £33.3 million, an increase of 93% over last year (2001: £17.2 million).

Gross profit principally consists of commissions earned on products and services sold, including airline tickets, hotel room reservations, package holidays, tickets to entertainment events, restaurant reservations and gifts. During the year the Group has continued to be successful in substantially increasing the income earned from sponsorship and advertisements placed on our websites.

Our margins have remained relatively stable at 13.5% for the year compared with 13.9% delivered last year. The overall margin reflects the continued benefit of the significant advance in margins seen during the previous financial year. The trend of margins achieved during the year reflects the mix impact of the differing margins generated by the acquired businesses. The contribution from the sale of flights by Travelselect.com is generally at lower margins. However, these are offset by the stronger margins earned from the sale of packages and car hire derived from the Destination Group. We continue to be successful in securing strong contributions to margins from advertising and sponsorship revenues as well as enhancing margins through improved relationships and arrangements with suppliers brought about through scale and negotiation.

Operating costs

Product development costs
Total product development expenses for the year, before any charges for depreciation, were £6.1 million, a decrease of 22% from £7.8 million the previous year. The reduction in total product development costs year-on-year reflects the benefit from ongoing cost control measures. The like-for-like cost reduction was significantly greater as the £6.1 million includes product development costs arising in the acquired businesses. These expenses consist of the costs associated with maintaining the technology platform, personnel costs, web hosting fees, software license fees and other expenses associated with the ongoing operation of the website and associated electronic platforms.

Sales and marketing costs
Total sales and marketing expenses for the year were £21.9 million, a decrease of 19% from £27.2 million last year. This decrease was significant as it was achieved despite the additional costs arising from the acquired businesses as well as the growth in the scale of the business generally. The reduction in sales and marketing costs year-on-year has been delivered through the use of more efficient marketing techniques, such as viral campaigns and further online activities. As a proportion of TTV, sales and marketing costs have fallen from 22% to 9% as we continue to leverage our largely fixed cost base across a wider income stream. We anticipate further efficiency gains will flow from our decision, announced in September 2002, to outsource UK data entry and a proportion of post sales customer support.

General and administration costs
General and administration costs for the year, before any charges for depreciation, decreased by 20% from £15.8 million in the year to 30 September 2001 to £12.6 million, falling as a percentage of TTV from 13% to 5%. Efficiency improvements are beginning to be derived from the new Oracle financial reporting system which was implemented in 3 countries shortly before year end. The roll-out of this software to the rest of the Group is scheduled to be completed during the course of the new financial year and will provide benefits through further operational efficiencies, consistent systems as well as enhanced financial reporting.

Operating costs before depreciation and goodwill amortisation
The overall trend for like-for-like operating costs has shown a reduction each quarter throughout the year. This reduction again reflects management commitment to progressively reduce the overall cost base of the business as we move forward towards profitability. Like-for-like operating costs before depreciation and goodwill amortisation reduced by £13.2 million year-on-year.

EBITDA
The Group’s EBITDA loss before exceptional items fell from £33.6 million for the year ended 30 September 2001 to £7.3 million for the year ended 30 September 2002. The reduced loss reflects the increased scale of contribution from the Group’s gross profit which has almost doubled during the year as well as substantial reductions in the operating cash cost base which has fallen by approximately 25%. During Quarter 4 the Group delivered £2.8 million of EBITDA (Q4 2001: loss £5.7 million).

The reported profit/(loss) before taxation, exceptional items and goodwill amortisation shows significant improvement during the course of the year, moving progressively from a loss of £7.2 million in Quarter 1 2002 to a profit of £0.3 million in Quarter 4 2002.

Depreciation
Depreciation charges relate to the depreciation of computer systems, equipment and computer software. Charges have increased by 12% to £9.8 million during the year, as expected, reflecting the depreciation of the ongoing investments in the technical infrastructure and the inclusion of depreciation from the acquired entities (2001: £8.7 million).

Goodwill amortisation
During the year goodwill amortisation totalled £18.8 million (2001: £14.7 million). The increase reflects the amortisation of goodwill relating to the acquisitions of Travelselect.com, Destination Group and Travelprice.com and the investment in LCC24.com. Goodwill is being amortised over a 4-year period from the date of acquisition or investment.

Exceptional items

Following the acquisition of the Travelprice.com Group, the nature and focus of our combined operations in France and Italy are being fundamentally restructured, including moving to a single technology platform, the introduction of a more efficient management structure and restructuring our call centre and operating locations. The costs relate principally to redundancy and surplus property costs. An exceptional charge of £3.1 million has been expensed in Quarter 4 2002.

Loss on ordinary activities before taxation

The loss on ordinary activities before taxation for the year has been reduced to £38.1 million (2001: £53.7 million). The loss for the year includes a share of the operating profit and losses (net loss £0.4 million) from the joint ventures operated in Australia, South Africa, Spain and from June 2002, Japan.

Loss per share

The loss per share for the year to 30 September 2002 was 20.15p (2001: loss 31.50p).

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

Net cash balance and cash flow improvements

As at 30 September 2002 the net cash position of the Group increased to £49.6 million from £46.6 million as at 30 September 2001. Cash is placed on deposit with AAA/AA rated credit institutions and earns competitive rates of interest.

During the year we have successfully reduced the cash outflow such that by Quarter 4 2002, our seasonally strongest quarter, we delivered positive operating cash inflow of £0.4 million. Included within this inflow are outflows of approximately £0.4 million relating to exceptional items. This is a significant milestone for the Group and has been achieved through contributions from the increased scale of operations together with strong working capital management which has seen underlying trade debtors decline year-on-year.

Had the acquisition of Travelprice.com occurred at the beginning rather than at the end of July, the Quarter 4 operating cash inflow would have amounted to over £3.2 million.

Financing

The Group issued ordinary shares during the year to acquire 100% of Travelselect.com, Destination Group and Travelprice.com in April, June and August 2002 respectively. The Group also issued shares relating to its 20% investment in LCC24.com. Post year-end, we issued a further 955,110 new shares to acquire 100% of the share capital of Exhilaration Incentive Management Limited.

The Group finances its operations through the holding of short term funds.

Treasury policy and risk management

The Group enters into a limited number of derivative transactions to manage currency risks arising from it's operations. The Group's policy is to hedge against transactional currency exposure on any significant US Dollar transactions.

David Howell
Chief Financial Officer
22 November 2002

lastminute.com plc
Fourth Quarter and Preliminary Results

Consolidated profit and loss account for the year ended 30 September 2002

£'000s	Year ended 30 Sept 2002 (Audited)	Year ended 30 Sept 2001 (Audited)
Total transaction value[1]	**245,971**	124,210
TURNOVER		
Group and share of joint ventures	**35,077**	18,416
Less share of joint ventures	**(187)**	(47)
Continuing operations:		
- Ongoing	**27,816**	18,369
- Acquisitions	**7,074**	-
Group turnover	**34,890**	18,369
Cost of sales	**1,626**	1,165
Gross profit	**33,264**	17,204
Operating costs		
Product development	**6,081**	7,800
Sales and marketing	**21,932**	27,207
General and administration	**12,577**	15,787
Operating costs before depreciation and goodwill amortisation	**40,590**	50,794
EBITDA	**(7,326)**	(33,590)
Depreciation	**9,781**	8,744
Goodwill amortisation	**18,666**	14,660
Total operating costs	**69,037**	74,198
Operating profit/(loss)		
Continuing operations:		
- Ongoing	**(36,843)**	(56,994)
- Acquisitions	**1,070**	-
GROUP OPERATING LOSS	**(35,773)**	(56,994)
Share of operating loss in joint ventures	**(413)**	(196)
Share of operating loss in associate	**(4)**	-
Goodwill amortisation arising on the investment in an associate	**(148)**	-
TOTAL OPERATING LOSS: GROUP AND SHARE OF JOINT VENTURES	**(36,338)**	(57,190)
Continuing operations:		
- Exceptional costs of a fundamental reorganisation	**(3,094)**	-
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	**(39,432)**	(57,190)
Interest receivable	**1,419**	3,480
Interest payable and similar charges	**(62)**	(36)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	**(38,075)**	(53,746)
Tax on loss on ordinary activities	**(6)**	158
LOSS FOR THE FINANCIAL YEAR AND TRANSFER FROM RESERVES	**(38,081)**	(53,588)
Loss per share - basic and diluted	**(20.15)p**	(31.50)p

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

Consolidated statement of total recognised gains and losses for the year ended 30 September 2002

£'000s	**Year ended 30 Sept 2002 (Audited)**	Year ended 30 Sept 2001 (Audited)
Loss for the year excluding share of losses in joint ventures	**(37,516)**	(53,392)
Share of joint ventures' loss for the year	**(413)**	(196)
Share of associate's loss for the year and amortisation of goodwill arising on acquisition of associate	**(152)**	-
Gain arising on the establishment of joint ventures	**-**	202
Foreign currency translation difference	**859**	(414)
Total recognised gains and losses for the year	**(37,222)**	(53,800)

Consolidated balance sheet at 30 September 2002

£'000s	**30 Sept 2002 (Audited)**	30 Sept 2001 (Audited)
FIXED ASSETS		
Intangible assets	**81,457**	43,992
Tangible assets	**12,081**	13,656
Investments - joint ventures		
- gross assets	**1,255**	455
- gross liabilities	**(396)**	(78)
- total net assets	**859**	377
- associate	**2,232**	-
Total investments	**3,091**	377
Total fixed assets	**96,629**	58,025
CURRENT ASSETS		
Stocks	**75**	40
Debtors	**16,101**	11,173
Cash at bank and in hand	**49,617**	46,617
	65,793	57,830
CREDITORS: amounts falling due within one year	**(53,690)**	(26,400)
NET CURRENT ASSETS	**12,103**	31,430
TOTAL ASSETS LESS CURRENT LIABILITIES	**108,732**	89,455
CREDITORS: amounts falling due after more than one year	**(42)**	-
PROVISIONS FOR LIABILITIES AND CHARGES	**(4,114)**	(543)
NET ASSETS	**104,576**	88,912
CAPITAL AND RESERVES		
Called up share capital	**2,360**	1,733
Share premium account	**123,631**	112,983
Shares to be issued	**3,600**	-
Merger reserve	**99,848**	61,892
Other reserves	**6,439**	6,384
Profit and loss account	**(131,302)**	(94,080)
TOTAL EQUITY SHAREHOLDERS' FUNDS	**104,576**	88,912

Consolidated statement of cash flows for the year ended 30 September 2002

£'000s	Year ended 30 Sept 2002 (Audited)	Year ended 30 Sept 2001 (Audited)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(2,706)**	(31,079)
CASH OUTLFOW FROM EXCEPTIONAL ITEM	**(378)**	-
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	**1,419**	3,480
Interest paid	**(55)**	(36)
Interest element of finance lease rental payments	**(7)**	-
Net returns on investments and servicing of finance	**1,357**	3,444
TAXATION		
Overseas tax paid	**(241)**	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	**(6,682)**	(8,420)
Receipts from sale of tangible fixed assets	**671**	87
NET CASH OUTFLOW BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING	**(7,979)**	(35,968)
ACQUISITIONS		
Cash acquired with subsidiary undertakings	**19,088**	160
Payments to acquire subsidiary undertakings/joint venture[1]	**(16,127)**	(21,350)
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	**(5,018)**	(57,158)
MANAGEMENT OF LIQUID RESOURCES		
Increase in short term deposits	**(6,043)**	(1,502)
FINANCING		
Issue of share capital	**9,024**	87
Share issue costs	**(155)**	-
Repayment of loan	**(766)**	-
Repayments of capital elements of finance leases	**(85)**	-
DECREASE IN CASH	**(3,043)**	(58,573)

RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

MOVEMENT IN CASH	**(3,043)**	(58,573)
Cash outflow from short term deposits	**6,043**	1,502
Repayments of capital elements of finance leases	**85**	-
Changes in net funds resulting from cash flows	**3,085**	(57,071)
New finance leases	**(282)**	-
NET FUNDS AT THE BEGINNING OF THE YEAR	**46,617**	103,688
NET FUNDS AT THE END OF THE YEAR	**49,420**	46,617

[1] For the year ended 30 September 2002 payments to acquire subsidiary undertakings/joint venture include £904,000 in respect of the investment in lastminute.com Japan Limited and £6,268,000 of deferred consideration in respect of the acquisition of Degriftour.

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ADDITIONAL INFORMATION

Consolidated profit and loss accounts

£'000s	Quarter ended 30 Sept 2002 (Unaudited)	Quarter ended 30 Jun 2002 (Unaudited)	Quarter ended 31 Mar 2002 (Unaudited)	Quarter ended 31 Dec 2001 (Unaudited)	Quarter ended 30 Sept 2001 (Unaudited)
Total transaction value	**112,444**	61,044	40,752	31,731	46,878
Turnover					
Group and share of joint ventures	**15,157**	8,382	6,764	4,774	7,007
Less: share of joint ventures	**(55)**	(44)	(41)	(47)	(47)
Continuing operations					
- Ongoing	**9,623**	6,743	6,723	4,727	6,960
- Acquisitions	**5,479**	1,595	-	-	-
Group turnover	**15,102**	8,338	6,723	4,727	6,960
Cost of sales	**315**	455	590	266	515
Gross profit	**14,787**	7,883	6,133	4,461	6,445
Operating costs					
Product development	**1,596**	1,932	1,527	1,561	2,239
Sales and marketing	**6,679**	6,015	5,431	5,051	6,007
General and administration	**3,960**	3,094	3,004	2,966	3,970
Non-cash share-based compensation	**(216)**	(1,397)	(834)	(38)	(54)
National Insurance provision	**(69)**	139	164	25	4
Operating costs before depreciation and goodwill amortisation	**11,950**	9,783	9,292	9,565	12,166
EBITDA	**2,837**	(1,900)	(3,159)	(5,104)	(5,721)
Depreciation	**2,917**	2,240	2,265	2,359	2,288
Goodwill amortisation	**6,606**	4,730	3,665	3,665	3,665
Total operating costs	**21,473**	16,753	15,222	15,589	18,119
Operating profit/(loss)					
Continuing operations:					
- Ongoing	**(7,612)**	(9,014)	(9,089)	(11,128)	(11,674)
- Acquisitions	**926**	144	-	-	-
Group operating loss	**(6,686)**	(8,870)	(9,089)	(11,128)	(11,674)
Share of operating loss in joint ventures	**(81)**	(154)	(91)	(87)	(56)
Share of operating loss in associate	**(3)**	(1)	-	-	-
Goodwill amortisation arising on the investment in an associate	**(148)**	-	-	-	-
Total operating loss: group and share of joint ventures	**(6,918)**	(9,025)	(9,180)	(11,215)	(11,730)
Continuing operations:					
- Exceptional costs of a fundamental reorganisation	**(3,094)**	-	-	-	-
Loss on ordinary activities before interest and taxation	**(10,012)**	(9,025)	(9,180)	(11,215)	(11,730)
Interest receivable	**482**	314	236	387	687
Interest payable and similar charges	**(16)**	(16)	(17)	(13)	(3)
Loss on ordinary activities before taxation	**(9,546)**	(8,727)	(8,961)	(10,841)	(11,046)
Tax on loss on ordinary activities	**(6)**	-	-	-	(234)
Loss on ordinary activities after taxation	**(9,552)**	(8,727)	(8,961)	(10,841)	(11,280)
Loss per share - basic and diluted	**(4.40)p**	(4.58)p	(5.14)p	(6.25)p	(6.52)p
Weighted number of Ordinary Shares outstanding	**217,131,869**	190,622,957	174,305,296	173,390,768	173,137,039

Profit/(loss) on ordinary activities before taxation (pre exceptional items and goodwill amortisation) (see Note 5)	**302**	(3,997)	(5,296)	(7,176)	(7,381)

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Consolidated balance sheets

£'000s	At 30 Sept 2002 (Audited)	At 30 Jun 2002 (Unaudited)	At 31 Mar 2002 (Unaudited)	At 31 Dec 2001 (Unaudited)	At 30 Sept 2001 (Audited)
FIXED ASSETS					
Intangible assets	**81,457**	60,136	36,661	40,326	43,992
Tangible assets	**12,081**	11,211	11,048	12,229	13,656
Investments – joint ventures					
– gross assets	**1,255**	1,138	827	469	455
– gross liabilities	**(396)**	(335)	(189)	(127)	(78)
– total net assets	**859**	803	638	342	377
– associate	**2,232**	19	-	-	-
Total investments	**3,091**	822	638	342	377
Total fixed assets	**96,629**	72,169	48,347	52,897	58,025
CURRENT ASSETS					
Stock	**75**	59	107	96	40
Debtors	**16,101**	12,196	9,893	10,306	11,173
Cash at bank and in hand	**49,617**	41,512	34,747	36,530	46,617
	65,793	53,767	44,747	46,932	57,830
CREDITORS: amounts falling due within one year	**(53,690)**	(44,285)	(24,172)	(21,310)	(26,400)
NET CURRENT ASSETS	**12,103**	9,482	20,575	25,622	31,430
TOTAL ASSETS LESS CURRENT LIABILITIES	**108,732**	81,651	68,922	78,519	89,455
CREDITORS: amounts falling due after more than one year	**(42)**	(78)	(116)	(150)	-
PROVISIONS FOR LIABILIITES AND CHARGES	**(4,114)**	(757)	(554)	(512)	(543)
NET ASSETS	**104,576**	80,816	68,252	77,857	88,912
CAPITAL AND RESERVES					
Called up share capital	**2,360**	2,068	1,743	1,738	1,733
Share premium account	**123,631**	115,827	112,950	112,959	112,983
Shares to be issued	**3,600**	-	-	-	-
Merger reserve	**99,848**	81,777	61,892	61,892	61,892
Other reserves	**6,439**	4,115	5,512	6,346	6,384
Profit and loss account	**(131,302)**	(122,971)	(113,845)	(105,078)	(94,080)
TOTAL EQUITY SHAREHOLDERS' FUNDS	**104,576**	80,816	68,252	77,857	88,912

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Consolidated Statement of Cash Flows

£'000s	Quarter ended 30 Sept 2002 (Unaudited)	Quarter ended 30 Jun 2002 (Unaudited)	Quarter ended 31 Mar 2002 (Unaudited)	Quarter ended 31 Dec 2001 (Unaudited)	Quarter ended 30 Sept 2001 (Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**3,336**	(2,007)	(485)	(3,550)	(6,101)
CASH OUTFLOW FROM EXCEPTIONAL ITEM	**(378)**	-	-	-	-
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received	**482**	314	236	387	687
Interest paid/interest element of finance lease rental payments	**(16)**	(16)	(17)	(13)	(21)
Net returns on investments and servicing of finance	**466**	298	219	374	666
TAXATION					
Overseas tax paid	**(241)**	-	-	-	-
CAPTIAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets	**(3,139)**	(1,527)	(1,084)	(932)	(1,500)
Receipts from sale of tangible fixed assets	**389**	-	-	282	87
NET CASH INFLOW/(OUTFLOW) BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING	**433**	(3,236)	(1,350)	(3,826)	(6,848)
ACQUISITIONS					
Cash acquired with subsidiaries	**8,479**	10,609	-	-	160
Payments to acquire subsidiary undertakings\joint venture[1]	**(8,716)**	(707)	(436)	(6,268)	-
NET CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	**196**	6,666	(1,786)	(10,094)	(6,688)
MANAGEMENT OF LIQUID RESOURCES					
(Increase)/decrease in short term deposits	**(4,615)**	145	(178)	(1,395)	(1,513)
FINANCING					
Issue of share capital	**8,915**	99	3	7	7
Share issue costs	**(155)**	-	-	-	-
Repayment of loan	**(766)**	-	-	-	-
Repayments of capital elements of finance leases	**(85)**	-	-	-	-
INCREASE/(DECREASE) IN CASH	**3,490**	6,910	(1,961)	(11,482)	(8,194)
RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS					
MOVEMENT IN CASH	**3,490**	6,910	(1,961)	(11,482)	(8,194)
Cash outflow/(inflow) from short term deposits	**4,615**	(145)	178	1,395	1,513
Repayments of capital elements of finance leases	**85**	-	-	-	-
Changes in net funds resulting from cash flows	**8,190**	6,765	(1,783)	(10,087)	(6,681)
New finance leases	**(282)**	-	-	-	-
NET FUNDS AT THE BEGINNING OF THE QUARTER	**41,512**	34,747	36,530	46,617	53,298
NET FUNDS AT THE END OF THE QUARTER	**49,420**	41,512	34,747	36,530	46,617

[1] Payments to acquire subsidiary undertakings/joint venture include £904,000 in respect of the investment in lastminute.com Japan Limited and £6,268,000 of deferred consideration in respect of the acquisition of Degriftour.

Notes to the Preliminary Results

1. Basis of reporting

The preliminary financial results for the year ended 30 September 2002 have been prepared using accounting policies consistent with those set out in the financial statements for the year ended 30 September 2001. The adoption of FRS19 – Deferred Tax has resulted in a change in accounting policy for deferred tax but has not resulted in a restatement for prior periods. These results do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The figures for the year ended 30 September 2002 are audited. The figures for the year ended 30 September 2001 have been based on the Group's financial statements for the year ended 30 September 2001, which have been delivered to the Registrar of Companies and on which the auditors have issued an unqualified audit report.

2. Additional Information

	Quarter ended 30 Sept 2002	**Quarter ended 30 Jun 2002**	**Quarter ended 31 Mar 2002**	**Quarter ended 31 Dec 2001**	Quarter ended 30 Sept 2001
Number of registered subscribers at period end	**6,443,381**	5,603,890	5,023,567	4,591,426	4,208,484
Number of customers at period end	**1,277,887**	1,016,932	819,912	669,550	536,446
Number of items sold in period	**633,603**	428,765	358,569	298,425	251,522
Number of suppliers at period end	**14,454**	15,324	10,737	10,113	9,286

3. Exceptional costs of a fundamental reorganisation

Following the acquisition of the Travelprice.com Group, the nature and focus of our combined operations in France and Italy are being fundamentally restructured, including moving to a single technology platform, the introduction of a more efficient management structure and restructuring our call centre and operating locations. The costs relate principally to redundancy and surplus property costs.

4. Acquisitions

The following details refer to acquisitions completed since the quarter ended 30 June 2002. At the end of July 2002 the Group acquired Travelprice.com SA for a consideration of up to £28.3 million which was satisfied by an initial issue of 28,000,783 new ordinary shares at 92 pence per share by lastminute.com plc and an additional issue of up to 6,644,305 new ordinary shares by lastminute.com plc. Preliminary goodwill arising on the acquisition has been assessed as £29.0 million and has been capitalised and is being amortised over 4 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 £0.4 million, of which £9.4 million comprises cash.

5. Reconciliation of profit/(loss) on ordinary activities before taxation (pre exceptional items and goodwill amortisation)

£'000s		**Quarter ended 30 Sept 2002**	**Quarter ended 30 Jun 2002**	**Quarter ended 31 Mar 2002**	**Quarter ended 31 Dec 2001**	Quarter ended 30 Sept 2001
Loss on ordinary activities before taxation		**(9,546)**	(8,727)	(8,961)	(10,841)	(11,046)
Add:	goodwill amortisation (group and associate)	**6,754**	4,730	3,665	3,665	3,665
	exceptional costs of a fundamental reorganistion	**3,094**	-	-	-	-
Profit/(loss) on ordinary activities before taxation (pre exceptional items and goodwill amortisation)		**302**	(3,997)	(5,296)	(7,176)	(7,381)

6. TTV, turnover and segmental analysis

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

Geographical analysis:

£'000s	TTV (by destination and source)		Turnover (by destination and source)	
	Year ended 30 Sept 2002	Year ended 30 Sept 2001	**Year ended 30 Sept 2002**	Year ended 30 Sept 2001
By geographical area:				
United Kingdom	**138,444**	48,723	**19,254**	6,899
France	**82,269**	63,987	**12,769**	10,059
Germany	**11,861**	6,822	**1,490**	750
Other European Union Countries	**11,579**	4,257	**1,377**	661
Group	**244,153**	123,789	**34,890**	18,369
Joint ventures	**1,818**	421	**187**	47
	245,971	124,210	**35,077**	18,416

	Net loss on ordinary activities before taxation[2]		Net assets/(liabilities)[2]	
	Year ended 30 Sept 2002	Year ended 30 Sept 2001	**At 30 Sept 2002**	At 30 Sept 2001
By geographical area:				
United Kingdom[1]	**(16,373)**	(29,720)	**69,176**	53,953
France	**(19,214)**	(19,350)	**(10,484)**	(2,648)
Germany	**(1,762)**	(3,485)	**(9,269)**	(7,289)
Other European Union countries	**(1,518)**	(4,439)	**2,445**	(2,098)
	(38,867)	(56,994)	**51,868**	41,918
Share of operating loss and net assets of joint ventures	**(413)**	(196)	**859**	377
Share of operating loss and net assets of associate	**(4)**	-	**2,232**	-
Amortisation of goodwill arising on the acquisition of associate	**(148)**	-	**-**	-
Net interest receivable	**1,357**	3,444	**-**	-
Interest bearing assets	**-**	-	**49,617**	46,617
	(38,075)	(53,746)	**104,576**	88,912

[1] The UK losses for both 2002 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 2002 includes £18,814,000 of goodwill amortisation (2001: £14,660,000). Net assets/(liabilities) include £83,673,000 of goodwill (2001: £43,992,000).

7. Post balance sheet event

In November 2002, the Group announced the acquisition of Exhilaration Incentive Management Limited. Further details are provided in the Chairman's Statement on page 3.

Definitions

Registered subscribers are users of the lastminute.com website 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-mail. Since lastminute.com counts its registered subscribers based on their e-mail addresses, users who register multiple times using different e-mail addresses will count as multiple registered subscribers. For example, if a user has registered with lastminute.com using an e-mail address at work and one at home, the user will be counted as two registered subscribers.

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

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.

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

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

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

The **number of customers** is the cumulative number of customers (excluding repeat customers) since the inception of lastminute.com and the cumulative number of Degriftour, Travelselect.com, Destination Group and Travelprice.com customers (excluding repeat customers) since acquisition in October 2000, April 2002, June 2002 and end of July 2002 respectively. Customers are defined as individuals who have purchased goods and services over lastminute.com's platforms.

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

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

This press release may contain forward-looking statements. Expressions of future goals, including without limitation, “intend”, “will”, “should”, “are well on track”, “expect” or “continue”, and similar expressions reflecting something other than historical fact are intended to identify forward looking statements. The following factors, among others, could cause lastminute.com’s actual results to differ materially from those described in the forward looking statements: management of lastminute.com’s rapid growth; speed of technological change, including introduction of new architecture for its web sites; systems-related failures; the ability to attract and retain qualified personnel; adverse changes in lastminute.com’s relationships with airlines and other product and service providers; adverse changes in the services provided by lastminute.com’s suppliers; lastminute.com’s ability to attract and develop an adequate international supplier and customer base; potential adverse changes in its commission rates; the effects of increased competition; risks relating to operating internet - based commerce in foreign markets; lastminute.com’s dependence on its ability to establish its brand; lastminute.com's ability to protect its domain names and other intellectual property rights; legal and regulatory risks; a slow down in the continued growth of e-commerce and the internet; unforeseen events affecting the travel industry and factors adversely affecting lastminute.com’s share price. All such forward-looking statements are made in reliance on the safe harbour provision of the US Private Securities Litigation Reform Act of 1955. These and other risk factors are described in detail in lastminute.com’s shareholder circular dated 8 September 2000, which has been filed with the Securities and Exchange Commission, USA and the Financial Services Authority, UK.