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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 Placing Shares, on 31 March 2003 and the Consideration Shares on 17 April 2003.

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.

lastminute.com plc

**Listing Particulars relating to the issue of
27,191,771 New Ordinary Shares
issued in connection with the Acquisition of
holiday autos group limited
and
14,814,815 New Ordinary Shares
issued in connection with the Placing**

Cazenove & Co. Ltd are acting exclusively for lastminute.com plc and no one else in connection with the Acquisition and the Placing and will not be responsible to anyone other than lastminute.com plc for providing the protections afforded to customers of Cazenove & Co. Ltd or for providing advice in connection with the Acquisition or the Placing.

The New Ordinary Shares have not been, nor will they be, registered under the US Securities Act of 1933, (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 otherwise transferred, 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. The New Ordinary Shares issued pursuant to the Acquisition are being issued outside the United States in reliance on Regulation S under the Securities Act in transactions exempt from registration under the Securities Act.

DIRECTORS, PROPOSED DIRECTOR AND ADVISERS

Directors

Allan Leighton	<i>Chairman</i>
Brent Hoberman	<i>Chief Executive Officer</i>
Martha Lane Fox	<i>Group Managing Director</i>
David Howell	<i>Chief Financial Officer</i>
Vimal Khosla	<i>Director, Global Flights</i>
Bob Collier	<i>Non-Executive Director and Vice Chairman</i>
Brian Collie	<i>Non-Executive Director</i>

Proposed Director

Clive Jacobs	<i>Executive Director and Vice Chairman</i>
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Registered and Head Office

4 Buckingham Gate
London SW1E 6JP

Financial adviser, sponsor, broker and underwriter

Cazenove & Co. Ltd
12 Tokenhouse Yard
London EC2R 7AN

Solicitors

Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

Auditors

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Forward-looking statements

This document contains certain forward-looking statements 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. The words “believe”, “anticipate”, “plan”, “expect”, “project”, “estimate”, “predict”, “intend”, “aim”, “target”, “assume”, “contemplate”, “may”, “could”, “will” and similar expressions are intended to identify such forward-looking statements. 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, if they materialise, could cause actual results to differ materially from those suggested by the forward-looking statements. Undue reliance should therefore not be placed on any of these forward-looking statements.

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Expected Timetable of Principal Events

Dealings in Placing Shares expected to commence	Monday 31 March 2003
Latest time for receipt of forms of proxy for the lastminute.com Extraordinary General Meeting	10.00 a.m. on Monday 14 April 2003
lastminute.com Extraordinary General Meeting	10.00 a.m. on Wednesday 16 April 2003
Expected Completion	Thursday 17 April 2003
Dealings in Consideration Shares expected to commence	8.00 a.m. on Thursday 17 April 2003

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 holiday autos by lastminute.com pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 26 March 2003, between lastminute.com and the existing shareholders of holiday autos and lastminute.com Jersey in respect of the acquisition of the whole of the issued share capital of holiday autos by lastminute.com Group as described in paragraph 10 of Part V of this document
“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
“Capita Registrars”	is a trading name of Capita IRG Plc
“Cazenove”	Cazenove & Co. Ltd
“certificated” 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
“Consideration Shares”	27,191,771 Ordinary Shares to be issued by the Company pursuant to the Acquisition Agreement
“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, as set out on page 88 of this document, or a duly authorised committee thereof
“Extraordinary General Meeting”	the extraordinary general meeting of the Company which will be held at the offices of Cazenove, 20 Moorgate, London EC2R 6DA at 10.00 a.m. on 16 April 2003
“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
“holiday autos”	holiday autos group limited

“holiday autos Share”	any share representing any part of the entire issued and to be issued share capital of holiday autos
“holiday autos Shareholders”	holders of holiday autos “B” and “C” ordinary shares
“holiday hotels”	holiday hotels limited
“lastminute.com”	lastminute.com plc
“lastminute.com Group” or “Group”	lastminute.com, its subsidiaries and its subsidiary undertakings
“lastminute.com Jersey”	lastminute.com Jersey Limited, a company set up to facilitate the Placing
“lastminute.com Shareholders”	holders of lastminute.com Ordinary Shares
“lastminute.com Share Option Schemes”	all the share option schemes of lastminute.com as detailed in paragraph 6 of Part V 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”	42,006,586 Ordinary Shares to be issued by the Company pursuant to the Acquisition Agreement (excluding any Ordinary Shares issued in satisfaction of any deferred consideration) and the Placing 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 1 pence each in the capital of lastminute.com
“Placing”	the placing of Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agreements”	the agreement dated 26 March 2003 between Company and Cazenove entered into in connection with the Placing and certain arrangements ancillary thereto as described in paragraph 10 of Part V of this document
“Placing Shares”	14,814,815 Ordinary Shares issued in connection with the Placing Agreement
“Proposed Director”	Mr Clive Jacobs, who will become a director of lastminute.com subject to, and upon, Completion
“Regulations”	the Uncertificated Securities Regulations 2001
“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
“TTV”	total transaction value. In the case of lastminute.com, in the majority of transactions, TTV represents the price at which products or services have been sold, net of value added tax and associated taxes. In the case of holiday autos, TTV represents statutory turnover.
“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, as 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.

Figures appearing in this document have been rounded up or down as appropriate.

Glossary Relating to lastminute.com

“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 customers (excluding repeat customers) since the inception of lastminute.com and the cumulative number of Degriktour, Travelselect.com, The Destination Group and Travelprice.com customers (excluding repeat customers) since 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.
“Number of suppliers”	includes individual airlines, hotels, holiday package suppliers, entertainment vendors, gift suppliers, restaurants and specialty service suppliers.
“Operating cash inflow/(outflow)”	net cash inflow/(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. For example, if a user has registered with lastminute.com using an email address at work and one at home, the user will be counted as two registered subscribers.
“TTV”	Total Transaction Value does not represent statutory turnover. In the majority of transactions, where 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 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 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 at 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.

Part I

General Information

1. Introduction

On 26 March 2003, lastminute.com announced its intention to acquire holiday autos. The initial consideration for holiday autos is £39.7 million which will be satisfied by the issue of 27,191,771 Consideration Shares and £16.0 million in cash.

The Company has put in place arrangements to finance the cash component of the consideration, in part, by an issue of 14,184,185 Placing Shares at 81 pence per share fully underwritten by Cazenove & Co. Ltd. The remaining proportion of the cash consideration of £4.0 million will be provided from lastminute.com's existing cash resources.

Deferred consideration of up to £1.7 million will be payable subject to certain criteria relating to holiday autos in respect of the level of TTV achieved in the year to 31 October 2003. Additionally £1.6 million of deferred consideration is payable to Clive Jacobs provided he remains with the Group until 17 March 2004.

The Acquisition is conditional on the Admission of the New Ordinary Shares, the Placing Agreement becoming unconditional in all respects and, due to its size, approval by lastminute.com Shareholders at the Extraordinary General Meeting, to be held at the offices of Cazenove, 20 Moorgate, London EC2R 6DA at 10.00 a.m. on 16 April 2003.

Certain lastminute.com Shareholders, holding an aggregate 13.4 per cent. of the issued share capital, have given irrevocable undertakings to vote in favour of the Acquisition 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 in Europe via organic and acquisitive growth since inception. The Company operates directly in eight European countries and participates in four international joint ventures, providing inspirations and solutions for customers at the last minute. At 31 December 2002, lastminute.com had over 6.8 million subscribers to its weekly newsletter and had established approximately 14,700 supplier relationships. lastminute.com remains the leading independent travel and leisure site across five European 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.

During 2002 lastminute.com has consolidated its position as the leading European online provider of travel and leisure solutions by a number of acquisitions and a strategic investment.

In Europe lastminute.com completed the acquisition of Travelprice.com at the end of July 2002. This acquisition extended lastminute.com's markets to include Belgium as well as deepening its presence in France, Italy and Spain. Additionally, in June 2002, lastminute.com 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, operating in approximately 400 travel agencies, with a turnover of in excess of €1.6 billion annually. LCC have committed to convert 5 per cent. of their annual sales to online booking. lastminute.com provides the website technology for LCC24.com.

In the UK lastminute.com completed the acquisitions of Travelselect.com, the Destination Group and eXhilaration in April, June and November 2002 respectively. These acquisitions add substantially to the overall scale of the travel and leisure components of lastminute.com UK.

Overall, the acquisitions and joint ventures have further consolidated lastminute.com's position in the online travel and leisure markets and extended its reach to 12 countries.

An important factor in enhancing lastminute.com's value to customers is the expansion of its 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 lastminute.com's offering. The enhancement of multiple relationships has been achieved via lastminute.com's acquisitions in Europe – with Travelselect.com extending access to a further 27 key airline relationships,

Destination Group extending lastminute.com's relationships with hoteliers and car-hire suppliers and Travelprice.com expanding supplier reach in Europe. lastminute.com is able to provide suppliers with a "tool-kit" of options for selling product at the last minute – through lastminute.com's weekly email or special merchandising promotions, through their search functionality and through auctions. lastminute.com believes these mechanisms allow suppliers to achieve the best possible yield for their products. As the Group's position in Europe has consolidated, their supply relationships have become more substantial allowing the Group to offer better value to customers.

3. Information on holiday autos

holiday autos is the largest leisure car rental broker in the world providing approximately 7 million car rental days to customers annually in around 40 countries. Gross margins are in excess of 30 per cent. on sales.

holiday autos maintains the same brand identity in each of its sales markets and has key supplier relationships with major car rental companies. holiday autos has a strong management team operating locally in principal countries.

There are a number of trends in the leisure travel market that are positive for companies such as holiday autos, including:

- the number of holidays taken per person is growing;
- there is a shift away from customers purchasing pre-packaged holidays to customers organising their own travel; and
- technological developments, particularly with regard to the internet, make it easier for people to organise independent holidays.

These factors all create more opportunities where car hire may be necessary or desirable and by using a car rental broker, customers perceive that they are getting best value.

The holiday autos group was founded in the UK in 1987. The business achieved a turnover of approximately £1 million in its first year of trading and turnover has continued to grow to £154 million for the year ended 31 October 2002. As a broker, holiday autos do not own a fleet of vehicles but simply match supply and demand through supply agreements with car rental operators in approximately 4,000 locations worldwide. holiday autos supplies both retail customers directly and trade customers, such as airlines, tour operators and travel agents. During the year ended 31 October 2002, 19 per cent. of sales were made direct to retail customers and 81 per cent. to trade.

Following the early success of the business in the UK, a decision was made in 1988 to expand first into Europe and then globally. The approach taken by the business to international expansion has varied from market to market to take into account local practices and today the company operates through a mix of corporate offices, joint ventures, and sales agents. During 2002, the UK was the largest sales market for holiday autos representing 49 per cent. of sales. Germany was the next largest market with 30 per cent. of sales. Approximately 70 per cent. of all car hire bookings taken by holiday autos are for destinations in major European countries.

In July 2002, the holiday autos management team launched holiday hotels. holiday hotels provides a selection of hotels and apartments at resorts and cities throughout Europe and America. holiday hotels choose from accommodation across a range from 2* to 5*, and has negotiated advantageous rates in order to offer the best value to their customers.

As holiday hotels was independently owned during its start-up stage, the holiday autos financial statements set out in Part III do not include amounts relating to holiday hotels. On 21 November 2002, holiday autos acquired 49.9 per cent. of the issued share capital of holiday hotels together with a call option over a further 30.1 per cent. It is intended that holiday autos will exercise this call option immediately prior to Completion.

holiday autos TTV has increased steadily over the three years to 31 October 2002 with TTV in the most recent year of £154 million. The company has reduced costs and introduced efficiencies within its business by increasing the level of sales completed online. In its largest market, the UK, over 60 per cent. of sales are now completed online. Consequently, gross margins have improved over the most recent financial year to 32.4 per cent. and EBITDA, before exceptional items, in 2002 of £2.5 million was achieved. In line with other travel businesses, car hire is markedly seasonal with a significant weighting of TTV to the second half of the year. Net liabilities attributable to holiday autos were £18.6 million as at 31 October 2002.

Summary financial information on holiday autos for the past 3 years is as follows. This has been extracted without material adjustment from the financial information on holiday autos set out in Part III of this document. Shareholders should read the whole of this document and not just rely on this secondary information.

	<i>Year to 31 October</i>		
	2002 £'000	2001 £'000	2000 £'000
Total transaction value (continuing)	153,755	147,491	125,738
Gross profit	49,852	45,183	40,884
Gross margin percentage	32.4%	30.6%	32.5%
EBITDA (before exceptional items)	2,549	(2,308)	195
Exceptional items	(1,090)	—	(455)
Loss on ordinary activities before tax	(949)	(4,341)	(1,995)

4. Benefits of the combined business

It is expected that the Acquisition will be earnings enhancing in the current financial year.

As a single product, the Board believes that car hire is a logical extension to lastminute.com's travel and leisure offering and will provide an enhanced product offering to our customers. The Acquisition of holiday autos immediately enhances the scale of the Group's car hire category. The Acquisition will result in enhanced average margins, even before the attainment of synergies. In 2002, holiday autos' gross margins were in excess of 30 per cent. and lastminute.com's over 13 per cent. producing a combined margin in excess of 20 per cent. The Acquisition will create critical mass in the German operations for the combined group.

In addition, the Board believes that the Acquisition will enable lastminute.com to include significant car hire supply within *Breakbuilder*, its integrated dynamic packaging product launched in November 2002 and will provide lastminute.com customers with a unique offering unavailable within any other online packaging service. Currently *Breakbuilder* enables UK customers to book a flight and hotel in the same shopping basket for a single price. Sales within *Breakbuilder* have started well and the Board anticipates that growth will continue rapidly during the course of the current financial year. lastminute.com has stated an intention to extend the geographic availability of *Breakbuilder* to other European countries and also to extend the product range to include other categories including car hire, entertainment, experiences and restaurants.

The Board believes that the combination of lastminute.com and holiday autos creates an opportunity to leverage the scale of the two businesses and to provide estimated margin and operating synergies of at least £4.0 million in the financial year to 30 September 2004. To achieve these synergies, one off exceptional integration costs of approximately £1.5 million are anticipated. These costs are expected to be recognised in the current year to 30 September 2003.

Synergies are expected in the following areas:

- lastminute.com expects to be able to utilise holiday autos' supplier relationships to enhance the margin on its own car hire product. holiday autos currently achieves margins in this category of over 30 per cent. compared with approximately 20 per cent. achieved by lastminute.com;
- various operating units and functions, particularly in the UK and Germany will be integrated with savings being achieved through the elimination of duplicate functions; and
- the increased scale and size of the enlarged group will lead to procurement synergies.

In addition significant cross sale opportunities are expected from the respective customer bases, with lastminute.com driving holiday autos customers to lastminute.com's multi category websites and lastminute.com customers to holiday autos' car rental website. The resort hotel product offered by holiday hotels will also compliment lastminute.com's more city focussed hotel supply.

5. Management and employees

Subject to completion of the Acquisition, the Board proposes to appoint Clive Jacobs, Chairman and Chief Executive and one of the founders of the holiday autos group, as Executive Director and Vice Chairman of lastminute.com. Set out below is a brief biography for Clive Jacobs:

Clive Jacobs left school at 16 becoming Managing Director of his own flight company at the age of 21. In 1987, Clive Jacobs and two colleagues founded the holiday autos group and in 1995 he bought out the then chairman and co-founder of holiday autos, with the assistance of venture capitalists ECI. In 1997, he was awarded the World Travel Market Global award for his outstanding contribution to the UK travel industry and in 1999 he was a guest speaker at the prestigious IoD Annual Convention having been voted Director of the Year by PwC and Decision magazine. He is a well known figure within the travel industry which was publicly recognised in 2000 when he was presented with a World Travel Market 21 award, an accolade given to 21 individuals who had been instrumental in bringing pioneering changes within the travel industry over the previous 21 years. In July 2002, he diversified his business interest with the launch of holiday hotels in conjunction with the holiday autos management team.

Following the acquisition, the business needs of holiday autos within the enlarged group will be reviewed to establish the most appropriate structure for the future and any changes will be undertaken after necessary staff consultations.

6. Current trading and prospects

lastminute.com continues to trade in line with expectations for the seasonally weaker first half of the financial year. In the UK sales of short haul flights have achieved record levels in recent weeks. Sales of shortbreak holidays continue in line with expectations. In continental Europe the uncertain political climate has created a more difficult trading environment. The Directors remain confident of continuing business growth and moving further towards overall group profitability and positive operating cashflow.

holiday autos has made an encouraging start to the new financial year, trading ahead of the comparable period last year and in line with internal forecasts. The company continues to show growth in its direct retail web business, providing an effective lower cost distribution channel, and at the same time supporting the valuable trade business.

Despite the uncertain political and economic environment the Enlarged Group's business model allows us to anticipate 2003 being another year of sustained and improving performance. The Directors believe the hostilities in the Middle East will, in general, have a negative effect on the global travel industry. The precise impact these hostilities will have on lastminute.com's enlarged business is uncertain, although the Directors believe that any negative effect would be mitigated to some extent by the following factors:

- The majority of the Enlarged Group's current travel products are short haul in nature. If required the flexibility of the business model of the Enlarged Group would accommodate a further shift to even more short haul travel;
- The Directors believe that although a substantial fall in demand for travel related products may reduce the number of products sold industry-wide, the Company's business model is designed to take advantage of resulting overcapacity; and
- The Directors believe that demand for travel outside the US from US based residents would fall in the event of increased hostilities. These US travellers make up a relatively small proportion of lastminute.com's business and therefore the overall impact on the Enlarged Group would be relatively low.

lastminute.com expects to announce its results for the half year to 31 March 2003 on 15 May 2003.

7. Terms of the Acquisition and Placing

The initial consideration for the Acquisition is £39.7 million based on the closing middle market price of lastminute.com's Ordinary Shares as derived from the Daily Official List on 25 March 2003, being the last date before the announcement of the Acquisition.

The initial consideration will be satisfied by the issue of 27,191,771 Consideration Shares and £16.0 million in cash.

The cash component is to be financed by the issue of 14,814,815 Placing Shares at a price of 81 pence per share to raise a total of £12.0 million underwritten by Cazenove. The New Ordinary Shares issued in connection with the Placing and Acquisition will be allotted and issued credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares. The remaining proportion of the cash consideration of £4.0 million will be provided from lastminute.com's existing cash resources.

Deferred consideration of up to £1.7 million will be payable subject to certain performance criteria relating to holiday autos in respect of the level of TTV achieved in the year to 31 October 2003. To obtain the maximum level of this deferred consideration, holiday autos would need to deliver growth in TTV of over 10 per cent. of the level obtained in the year to 31 October 2002. Additionally £1.6 million of deferred consideration is payable to Clive Jacobs provided he remains with the Group until 17 March 2004.

holiday autos Shareholders, who will hold approximately 71 per cent. of the Consideration Shares (including all of the shares to be received by Clive Jacobs), have agreed not to dispose of their Consideration Shares for a period of 12 months from Completion. holiday autos Shareholders, who will hold approximately 23 per cent. of the Consideration Shares have agreed not to dispose of their Consideration shares for a period of 6 months from Completion.

If the Acquisition does not proceed then the Company will hold the proceeds from the Placing on deposit and use these proceeds to continue to expand lastminute.com in line with the Company's strategic expansion plan.

Further details of the Acquisition Agreements and Placing Agreements are set out in paragraph 10 of Part V of this document.

8. Information on lastminute.com

lastminute.com is one of Europe's leading online retailers offering lifestyle products. Based on the idea of matching supply and demand, it offers consumers last minute opportunities to acquire airline tickets, hotel rooms, package holidays, entertainment tickets, restaurant reservations and home delivery, speciality services, gifts and auctions.

Operating across 12 countries (United Kingdom, France, Germany, Italy, Sweden, Spain, The Netherlands, Belgium, Australia, New Zealand, South Africa and Japan), lastminute.com has established approximately 14,700 supplier relationships and over 6.8 million subscribers to its weekly newsletter. lastminute.com remains the leading independent European travel and leisure site across five major European countries.

In April 2002 lastminute.com acquired Travelselect.com, a UK flights provider to consumers and travel agents. In June 2002 lastminute.com acquired The Destination Holdings Group Ltd, an online provider of flights, own label package holidays and car hire, and also announced a strategic investment and partnership in Germany with LCC24, the online vehicle for Lufthansa City Center. In July 2002 lastminute.com acquired Travelprice.com, one of the largest online travel and leisure providers in France and Italy. In November 2002 lastminute.com acquired eXhilaration, a UK based experience provider.

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.**

	<i>Year to 30 September</i>		
	<i>2002</i>	<i>2001</i>	<i>2000</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Total transaction value	246.0	124.2	34.2
Gross profit	33.3	17.2	3.3
Operating costs excluding depreciation	(40.6)	(50.8)	(41.4)
EBITDA	(7.3)	(33.6)	(38.1)
Depreciation & goodwill	(28.4)	(23.4)	(1.3)
Interest received	1.4	3.4	3.7
Loss on ordinary activities before tax	(38.1)	(53.8)	(35.8)

9. Listing and dealings

On Completion, the Consideration Shares will be issued to holiday autos shareholders and will be transferable by an instrument of transfer complying with the Articles, or in any other written form approved by the Directors. The New Ordinary Shares may be transferred in uncertificated form, pursuant to the relevant procedures for transfer in accordance with CREST.

The existing 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 the Placing Shares will commence on the London Stock Exchange on 31 March 2003. It is expected that Admission will become effective and that dealings in the Consideration Shares will commence on the London Stock Exchange on 17 April 2003. Dealings in the New Ordinary Shares 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 Registrars. No temporary documents of title in respect of the New Ordinary Shares will be issued.

The New Ordinary Shares will rank *pari passu* in all respects with existing Ordinary Shares, including the right to receive all dividends and distributions hereafter declared, made or paid.

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

The New Ordinary Shares will not be available to the public in conjunction with the application for listing. None of the New Ordinary Shares have been marketed or are available in whole or in part to the public.

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 holiday autos 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 any other applicable securities law and, accordingly, none of the New Ordinary Shares may be offered, sold, resold, delivered or otherwise transferred in or into the United States except in compliance with the registration requirements of the Securities Act and other applicable law or pursuant to an exemption from, or in transactions not subject to, the Securities Act and other applicable law.

Each holiday autos Shareholder has further represented, warranted and agreed that 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.

11. Further information

Your attention is drawn to the remaining parts of this document which contain further information on lastminute.com, holiday autos, 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 the Company within the meaning of section 240 of the Companies Act and has been extracted without material change from the audited consolidated statutory financial statements for the years ended 30 September 2000, 2001 and 2002. 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 other 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 consolidated financial statements of lastminute.com plc for the three years ended 30 September 2002 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

	Notes	Year ended 30 September 2002 (Audited) £'000	Year ended 30 September 2001 (Audited) £'000	Year ended 30 September 2000 (Restated) (1) £'000	Year ended 30 September 2000 (Audited) £'000
Total transaction value (TTV) (2)	1,2	245,971	124,210	34,189	34,189
Turnover	2				
Group and share of joint ventures		35,077	18,416	3,740	3,740
Less share of joint ventures		(187)	(47)	—	—
Continuing operations:					
– Ongoing		27,816	18,369	3,740	3,740
– Acquisitions		7,074	—	—	—
Group turnover		34,890	18,369	3,740	3,740
Cost of sales		1,626	1,165	401	401
Gross profit		33,264	17,204	3,339	3,339
Operating costs					
Product development		6,081	7,800	9,951	9,951
Sales and marketing		21,932	27,207	20,711	20,711
General and administration		12,577	15,787	10,811	10,811
Operating costs before depreciation and amortisation		40,590	50,794	41,473	41,473
EBITDA		(7,326)	(33,590)	(38,134)	(38,134)
Depreciation	3	9,781	8,744	1,317	1,317
Goodwill amortisation	3	18,666	14,660	—	—
Total operating costs		69,037	74,198	42,790	42,790
Operating (loss)/profit					
Continuing operations:					
– Ongoing		(36,843)	(56,994)	(39,451)	(39,451)
– Acquisitions		1,070	—	—	—
Group operating loss	3	(35,773)	(56,994)	(39,451)	(39,451)
Share of operating loss in joint ventures	14	(413)	(196)	(75)	(33)
Share of operating loss in associate	14	(4)	—	—	—
Goodwill amortisation arising on the investment in associate	14	(148)	—	—	—
Total operating loss: group and share of joint ventures		(36,338)	(57,190)	(39,526)	(39,484)
Continuing operations:					
– Exceptional costs of fundamental reorganisation	4	(3,094)	—	—	—
Loss on ordinary activities before interest and taxation		(39,432)	(57,190)	(39,526)	(39,484)
Interest receivable	7	1,419	3,480	3,777	3,777
Interest payable and similar charges	8	(62)	(36)	(41)	(41)
Loss on ordinary activities before taxation	2	(38,075)	(53,746)	(35,790)	(35,748)
Tax on loss on ordinary activities	9	(6)	158	—	—
Loss for the financial year and transfer from reserves	23	(38,081)	(53,588)	(35,790)	(35,748)
Loss per share—basic and diluted	11	(20.15)p	(31.50)p	(36.39)p	(36.35)p

(1) See note 14.

(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>Year ended 30 September 2002 (Audited) £'000</i>	<i>Year ended 30 September 2001 (Audited) £'000</i>	<i>Year ended 30 September 2000 (Restated) (1) £'000</i>	<i>Year ended 30 September 2000 (Audited) £'000</i>
Loss for the year excluding share of losses in joint ventures and associate		(37,516)	(53,392)	(35,715)	(35,715)
Share of joint ventures' loss for the year	14	(413)	(196)	(75)	(33)
Share of associate's loss for the year and amortisation of goodwill arising on acquisition of associate	14	(152)	—	—	—
Gain on the establishment of joint ventures	23	—	202	226	—
Foreign currency translation difference	23	859	(414)	22	22
Total recognised gains and losses for the year		(37,222)	(53,800)	(35,542)	(35,726)
Prior year adjustment	14	—	184	—	—
Total gains and losses recognised since last annual report		(37,222)	(53,616)	(35,542)	(35,726)

(1) See note 14.

CONSOLIDATED BALANCE SHEETS

		<i>At</i> 30 September 2002 <i>(Audited)</i> £'000	<i>At</i> 30 September 2001 <i>(Audited)</i> £'000	<i>At</i> 30 September 2000 <i>(Restated) (1)</i> £'000	<i>At</i> 30 September 2000 <i>(Audited)</i> £'000
Fixed assets					
Intangible assets	12	81,457	43,992	58,636	58,636
Tangible assets	13	12,081	13,656	13,972	13,972
Investments in joint ventures					
– gross assets		1,255	455	230	230
– gross liabilities		(396)	(78)	(23)	(269)
– total net assets/(liabilities)		859	377	207	(39)
Investment associate		2,232	—	—	—
Total investments	14	3,091	377	207	(39)
Total fixed assets		96,629	58,025	72,815	72,569
Current assets					
Stocks	15	75	40	52	52
Debtors	16	16,101	11,173	10,543	10,543
Cash at bank and in hand		49,617	46,617	103,688	103,688
		65,793	57,830	114,283	114,283
Creditors: amounts falling due within one year	17	53,690	26,400	38,363	38,301
Net current assets		12,103	31,430	75,920	75,982
Total assets less current liabilities		108,732	89,455	148,735	148,551
Creditors: amounts falling due after more than one year	18	42	—	6,031	6,031
Provisions for liabilities and charges	20	4,114	543	1,410	1,410
Net assets		104,576	88,912	141,294	141,110
Capital and reserves					
Called up share capital	22	2,360	1,733	1,505	1,505
Share premium account	23	123,631	112,983	112,923	112,923
Shares to be issued	23	3,600	—	197	197
Profit and loss account	23	(131,302)	(94,080)	(40,280)	(40,464)
Merger reserve	23	99,848	61,892	61,746	61,746
Other reserves	23	6,439	6,384	5,203	5,203
Total equity shareholders' funds		104,576	88,912	141,294	141,110

(1) See note 14.

CONSOLIDATED STATEMENT OF CASH FLOWS

		<i>Year ended</i> <i>30 September</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>30 September</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>30 September</i> <i>2000</i> <i>£'000</i>
Net cash outflow from operating activities	24(a)	(2,706)	(31,079)	(34,652)
Cash outflow from exceptional item	4	(378)	—	—
Returns on investments and servicing of finance				
Interest received		1,419	3,480	3,777
Interest paid		(55)	(36)	(41)
Interest element of finance lease rental payments		(7)	—	—
Net returns on investments and servicing of finance		1,357	3,444	3,736
Taxation				
Overseas taxation paid		(241)	—	—
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(6,682)	(8,420)	(12,289)
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)	(43,205)
Acquisitions				
Cash acquired with subsidiary undertakings		19,088	160	747
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)	(42,458)
Management of liquid resources				
Increase in short term deposits	24(b)	(6,043)	(1,502)	(2,547)
Financing				
Issue of share capital		9,024	87	153,875
Costs associated with issue of share capital		(155)	—	(11,978)
Repayment of loan		(766)	—	—
Repayment of capital elements of finance leases		(85)	—	—
(Decrease)/increase in cash		(3,043)	(58,573)	96,892

(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 Degrifour.

RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

		<i>Year ended</i> <i>30 September</i>	<i>Year ended</i> <i>30 September</i>	<i>Year ended</i> <i>30 September</i>
	<i>Notes</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Movement in cash		(3,043)	(58,573)	96,892
Cash outflow from short term deposits	24(b)	6,043	1,502	2,547
Repayments of capital elements of finance leases		85	—	—
		<hr/>	<hr/>	<hr/>
Changes in net funds resulting from cashflows		3,085	(57,071)	99,439
Net funds at the beginning of the year	24(b)	46,617	103,688	4,249
New finance leases		(282)	—	—
		<hr/>	<hr/>	<hr/>
Net funds at the end of the year	24(b)	49,420	46,617	103,688
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The adoption of Financial Reporting Standard 19 – Deferred Tax has resulted in a change in accounting policy for deferred tax but has not resulted in restatement for prior periods.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings, drawn up to 30 September 2002. The results of the businesses acquired or disposed of, are included for the period that they were under the Group's control.

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 2000, 30 September 2001 and 30 September 2002.

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.

The Travelex.com Group (comprising Travelex.com Limited and Globepost Limited), the Destination Group (comprising The Destination Holdings Group Limited and The Destination Group Limited) and the Travelprice.com Group (comprising Travelprice.com SA and subsidiaries) have been included in the Group financial statements for the periods from April 2002, June 2002 and the end of July 2002 respectively using the acquisition method of accounting. The purchase consideration has been allocated to the assets and liabilities on the basis of their fair values at the respective dates of the acquisitions.

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 14.

Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Total Transaction Value ("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.

Turnover also includes advertising, sponsorship and Minitel income which is recognised over the period to which it relates.

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised only when their recovery is considered more likely than not and that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

Foreign currency translation

UK 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. All exchange differences are taken to the profit and loss account.

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.

Financial instruments

The Group uses a limited number of derivative financial instruments to hedge its exposures to fluctuations in foreign exchange rates. Instruments are used to hedge a committed or probable future transaction and are not recognised until the transaction occurs. The Group's policy is not 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.

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:

Freehold land and buildings	– buildings over fifty years
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.

The Group provides for National Insurance contributions on options granted to UK employees on or after 6 April 1999 under its unapproved share option schemes in accordance with UITF abstract 25 “National Insurance contributions on share option gains”. The expected charge is allocated over the period in which the options vest on a straight-line basis.

Pension costs

The Group provides pensions to eligible employees through defined contribution plans. The amounts charged to the profit and loss account in respect of pension costs are the contributions payable for the year.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group are capitalised in the balance sheet and are depreciated over their useful economic lives. The capital element of future obligations under finance leases is included as a liability in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the periods of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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 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:

	<i>TTV</i> <i>(by destination and source)</i>			<i>Turnover</i> <i>(by destination and source)</i>		
	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>	<i>2000</i> <i>£'000</i>	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>	<i>2000</i> <i>£'000</i>
By geographical area						
United Kingdom	138,444	48,723	33,614	19,254	6,899	3,085
France	82,269	63,987	245	12,769	10,059	363
Germany	11,861	6,822	309	1,490	750	276
Other European Union countries	11,579	4,257	21	1,377	661	16
Joint ventures	1,818	421	—	187	47	—
	<u>245,971</u>	<u>124,210</u>	<u>34,189</u>	<u>35,077</u>	<u>18,416</u>	<u>3,740</u>
	<i>Net loss on ordinary activities</i> <i>before taxation</i>			<i>Net assets/(liabilities)</i>		
	<i>2002</i> <i>(Audited)</i> <i>£'000</i>	<i>2001</i> <i>(Audited)</i> <i>£'000</i>	<i>2000</i> <i>(Restated)</i> <i>(3)</i> <i>£'000</i>	<i>2002</i> <i>(Audited)</i> <i>£'000</i>	<i>2001</i> <i>(Audited)</i> <i>£'000</i>	<i>2000</i> <i>(Restated)</i> <i>(3)</i> <i>£'000</i>
By geographical area						
United Kingdom (1)	(16,373)	(29,720)	(29,937)	69,176	53,953	20,937
France	(19,214)	(19,350)	(3,588)	(10,484)	(2,648)	17,672
Germany	(1,762)	(3,485)	(3,715)	(9,269)	(7,289)	(3,089)
Other European Union countries (2)	(1,518)	(4,439)	(2,211)	2,445	(2,098)	1,879
	<u>(38,867)</u>	<u>(56,994)</u>	<u>(39,451)</u>	<u>51,868</u>	<u>41,918</u>	<u>37,399</u>
Share of operating loss and net assets of joint ventures and associate	(417)	(196)	(75)	3,091	377	207
Amortisation of goodwill arising on the acquisition of associate	(148)	—	—	—	—	—
Net interest receivable	1,357	3,444	3,736	—	—	—
Interest bearing assets	—	—	—	49,617	46,617	103,688
	<u>(38,075)</u>	<u>(53,746)</u>	<u>(35,790)</u>	<u>104,576</u>	<u>88,912</u>	<u>141,294</u>

(1) The UK losses for 2000, 2001 and 2002 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; 2000: £nil). Net assets/(liabilities) include £83,673,000 of goodwill for 2002 (2001: £43,992,000; 2000: £58,636,000) allocated between the following geographical areas (United Kingdom: 2002: £24,289,000; 2001: £14,000; 2000: £nil), (France: 2002: £57,168,000; 2001: £43,978,000; 2000: £58,636,000) and (Germany: 2002: £2,216,000; 2001: £nil; 2000: £nil).

(3) See note 14.

The following amounts are included for acquisitions in 2002: Turnover (by destination and source) £5,597,000 in the United Kingdom, £1,190,000 in France and £287,000 in other European Union countries; and net profit/(loss) on ordinary activities before taxation £1,628,000 in the United Kingdom, (£1,399,000) in France and (£367,000) in other European Union countries.

3. Group operating loss

This is stated after charging/(crediting):

	<i>Year ended</i> <i>30 September</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>30 September</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>30 September</i> <i>2000</i> <i>£'000</i>
Auditors' remuneration			
– audit services	200	135	172
– non-audit services (1)	181	257	141
Advertising expenditure	7,051	10,280	8,979
Depreciation of owned assets (note 13)	9,608	8,744	1,317
Depreciation of assets held under finance lease (note 13)	173	—	—
Goodwill amortisation	18,666	14,660	—
Operating lease rentals			
– land and buildings	1,403	1,491	522
– other	220	82	—
Profit on sale of fixed assets	(1)	(26)	—
	<hr/>	<hr/>	<hr/>
Non-cash share-based compensation:			
Product development	(597)	230	1,374
Sales and marketing	(1,388)	669	1,604
General and administration	(500)	282	1,604
	<hr/>	<hr/>	<hr/>
	(2,485)	1,181	4,582
	<hr/>	<hr/>	<hr/>
Provision for Group National Insurance contributions in relation to non-cash share-based compensation:			
Product development	62	(110)	26
Sales and marketing	145	(322)	31
General and administration	52	(136)	31
	<hr/>	<hr/>	<hr/>
	259	(568)	88
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Operating costs comprise the administrative expenses of the Group.

- (1) In the year ended 30 September 2002 this amount excludes the Ernst & Young LLP fees of £535,000 in relation to the acquisitions made by the Company in the year (2001: £nil; 2000: £930,000 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).

4. Exceptional items

	<i>Year ended</i> <i>30 September</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>30 September</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>30 September</i> <i>2000</i> <i>£'000</i>
Exceptional costs of a fundamental reorganisation	3,094	—	—
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

The tax effect of the exceptional item is £nil.

5. Staff costs (including Executive Directors)

	<i>Year ended</i> <i>30 September</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>30 September</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>30 September</i> <i>2000</i> <i>£'000</i>
Wages and salaries	20,667	21,364	8,770
Social security costs	2,794	3,297	1,154
Pension contributions	792	613	60
Non-cash share-based compensation	(2,485)	1,181	4,582
Group National Insurance contributions on share options	259	(568)	88
	<u>22,027</u>	<u>25,887</u>	<u>14,654</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, employees benefit from a government provided retirement plan, the costs of which is 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. When an employee leaves before exercising their options, the expense recognised in respect of these options is reversed, resulting in a credit to the profit and loss account for that period.

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

	<i>Year ended</i> <i>30 September</i> <i>2002</i> <i>Number</i>	<i>Year ended</i> <i>30 September</i> <i>2001</i> <i>Number</i>	<i>Year ended</i> <i>30 September</i> <i>2000</i> <i>Number</i>
Product development	96	100	44
Sales and marketing	478	436	182
General and administration	172	123	81
	<u>746</u>	<u>659</u>	<u>307</u>

6. Directors' remuneration

The remuneration of the Directors was as follows:

<i>For the period ending 30 September 2002</i>	<i>Basic salary and fees</i>	<i>Cash supplement in lieu of pension/ benefits</i>	<i>Bonus</i>	<i>Benefits</i>	<i>Total</i>
Executive Directors:					
Brent Hoberman	150,000	21,000	—	1,930	172,930
Martha Lane Fox	126,583	17,722	—	1,902	146,207
David Howell	140,000	19,600	35,000	565	195,165
Vimal Khosla	39,600	—	—	825	40,425
Pierre Alzon	—	—	—	—	—
Non-Executive Directors:					
Bob Collier	9,500	—	—	—	9,500
Brian Collie	5,000	—	—	—	5,000
Laurent Laffy	5,000	—	—	—	5,000

<i>For the period ending 30 September 2001</i>	<i>Basic salary and fees</i>	<i>Cash supplement in lieu of pension/ benefits</i>	<i>Bonus</i>	<i>Benefits</i>	<i>Total</i>
Executive Directors:					
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
Non-Executive Directors:					
Bob Collier	6,000	—	—	—	6,000
Pieter Bouw	500	—	—	—	500

<i>For the period ending 30 September 2000</i>	<i>Basic salary and fees</i>	<i>Pension</i>	<i>Bonus</i>	<i>Benefits</i>	<i>Total</i>
Executive Directors:					
Brent Hoberman	133,058	—	—	3,122	136,180
Martha Lane Fox	110,600	500	—	3,331	114,431
Non-Executive Directors:					
Bob Collier	6,000	—	—	—	6,000
Pieter Bouw	6,000	—	—	—	6,000

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 during the year ended 30 September 2002 was David Howell (2001 and 2000: Brent Hoberman) whose emoluments are shown above. When gains on the exercise of share options are included, the highest paid Director during the year ended 30 September 2001 was Pieter Bouw with an option gain of £264,131.

Directors' interests in shares

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

	<i>30 September 2002 Number</i>	<i>30 September 2001 Number</i>	<i>30 September 2000 Number</i>
Brian Collie	19,155	19,155	13,155
Bob Collier	13,157	13,157	13,157
Brent Hoberman	15,836,133	15,836,133	15,708,860
Vimal Khosla	6,457,423	—	—
Martha Lane Fox	10,207,879	10,207,879	10,182,425
Allan Leighton	197,273	197,273	—

No other Director has any interest in ordinary shares.

Share options

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

	<i>Exercise price pence</i>	<i>At 30 September 1999 Number</i>	<i>At 30 September 2000 Number</i>	<i>At 30 September 2001 Number</i>	<i>At 30 September 2002 Number</i>	<i>Exercisable until</i>
Executive Directors:						
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	1,000,000	3 July 2011
	48.00	—	—	—	19,791	1 December 2005
Vimal Khosla (1)	61.25	—	—	—	600,000	8 April 2012
Non-Executive Directors:						
Bob Collier	2.31	320,625	320,625	320,625	320,625	31 October 2008
Allan Leighton	137.50	—	—	1,000,000	1,000,000	7 January 2011

(1) Vimal Khosla has share options over 300,000 ordinary shares and an interest over an option granted to Gillian Khosla over 300,000 ordinary shares.

No options held by any current Director lapsed or were exercised during the period from 1 October 1999 to 30 September 2002. 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, the Non Executive Share Option Scheme 2000 and the Sharesave Scheme.

There have been no changes in the interests of the current Directors since 30 September 2002. 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.

7. Interest receivable

	<i>Year ended 30 September 2002 £'000</i>	<i>Year ended 30 September 2001 £'000</i>	<i>Year ended 30 September 2000 £'000</i>
Bank interest	1,419	3,480	3,777

8. Interest payable and similar charges

	<i>Year ended 30 September 2002 £'000</i>	<i>Year ended 30 September 2001 £'000</i>	<i>Year ended 30 September 2000 £'000</i>
Bank interest and charges	55	36	41
Other interest payable and charges payable under finance leases	7	—	—
	<u>62</u>	<u>36</u>	<u>41</u>

9. Tax on loss on ordinary activities**(a) Analysis of charge/(credit) in year**

	<i>Year ended 30 September 2002 £'000</i>	<i>Year ended 30 September 2001 £'000</i>	<i>Year ended 30 September 2000 £'000</i>
Overseas corporation tax charge/(credit)	6	(158)	—

(b) Factors affecting the tax charge/(credit) for the year

	<i>Year ended 30 September 2002 £'000</i>	<i>Year ended 30 September 2001 £'000</i>	<i>Year ended 30 September 2000 £'000</i>
Group loss on ordinary activities before tax	(38,075)	(53,746)	(35,790)
Group loss on ordinary activities multiplied by UK standard rate of 30% (2001 and 2000: 30%)	(11,423)	(16,124)	(10,737)
Effects of:			
Higher tax rates on overseas results	(190)	(650)	(702)
Expenses not deductible for tax purposes (including goodwill amortisation)	9,133	7,193	531
Other timing differences	(629)	905	568
Current tax losses not recognised	3,109	8,676	10,340
Adjustments to tax charge in respect of previous years	6	(158)	—
Current tax charge/(credit) for the year	<u>6</u>	<u>(158)</u>	<u>—</u>

(c) Factors that may affect future tax charges

The Group has potential deferred tax assets at the year end as follows:

	<i>Year ended 30 September 2002 £'000</i>	<i>Year ended 30 September 2001 £'000</i>	<i>Year ended 30 September 2000 £'000</i>
Losses	32,899	18,751	10,650
Capital allowances and other timing differences	3,900	1,108	(1,800)
	<u>36,799</u>	<u>19,859</u>	<u>8,850</u>

This potential deferred tax asset has not been recognised, as it is not sufficiently certain that the Group will have enough suitable taxable profits to offset these losses.

As at 30 September 2002, the Group's gross losses were £98.4 million available to carry forward (2001: £59.7 million; 2000: £35.5 million).

10. Appropriations

During the years ended 30 September 2000, 2001 and 2002, 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.

11. Loss per share (basic and diluted)

	<i>Year ended 30 September 2002 £'000</i>	<i>Year ended 30 September 2001 £'000</i>	<i>Year ended 30 September 2000 Restated⁽¹⁾ £'000</i>	<i>Year ended 30 September 2000 £'000</i>
Loss used for calculation of loss per share	<u>(38,081)</u>	<u>(53,588)</u>	<u>(35,790)</u>	<u>(35,748)</u>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
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	<u>188,953,672</u>	<u>170,137,039</u>	<u>98,347,405</u>	<u>98,347,405</u>

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

(1) See note 14.

12. Intangible fixed assets

<i>Goodwill</i>	<i>Total £'000</i>
<i>Cost</i>	
At 1 October 1999	—
Acquisition of subsidiary undertaking (note 14)	58,636
	<hr/>
At 30 September 2000	58,636
Acquisition of subsidiary undertaking (note 14)	16
	<hr/>
At 30 September 2001	58,652
Acquisition of subsidiary undertakings (note 14)	56,131
	<hr/>
At 30 September 2002	114,783
	<hr/>
<i>Amortisation</i>	
At 1 October 1999 and 30 September 2000	—
Charged during the year	14,660
	<hr/>
At 30 September 2001	14,660
Charged during the year	18,666
	<hr/>
At 30 September 2002	33,326
	<hr/>
<i>Net book value</i>	
At 30 September 2000	58,636
	<hr/> <hr/>
At 30 September 2001	43,992
	<hr/> <hr/>
At 30 September 2002	81,457
	<hr/> <hr/>

Goodwill is being amortised over four years.

13. Tangible fixed assets

	<i>Freehold land and buildings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Furniture and office equipment £'000</i>	<i>Computer systems and equipment £'000</i>	<i>Computer software £'000</i>	<i>Total £'000</i>
Cost						
At 1 October 1999	—	—	31	365	40	436
Additions	—	830	1,330	3,147	7,225	12,532
Acquisition of subsidiary (note 14)	—	—	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 14)	—	—	11	15	69	95
At 30 September 2001	—	901	2,270	5,623	14,443	23,237
Additions	—	35	441	506	5,972	6,954
Disposals	—	(31)	(91)	(1,066)	(4)	(1,192)
Acquisition of subsidiary (note 14)	397	121	643	352	127	1,640
At 30 September 2002	397	1,026	3,263	5,415	20,538	30,639
Depreciation						
At 1 October 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
Provided during the year	1	258	744	1,533	7,245	9,781
Disposals	—	(31)	(21)	(749)	(3)	(804)
At 30 September 2002	1	481	1,428	3,348	13,300	18,558
Net book value						
At 30 September 2000	—	761	1,984	3,928	7,299	13,972
At 30 September 2001	—	647	1,565	3,059	8,385	13,656
At 30 September 2002	396	545	1,835	2,067	7,238	12,081

The net book value of £12,081,000 above includes an amount of £250,000 in respect of assets held under finance leases (2001 and 2000: £Nil). The Group did not have any material capital commitments outstanding as at 30 September 2002, 2001 or 2000.

14. Investments**Joint Ventures**

	<i>Share of Net Assets £'000</i>	<i>Negative Goodwill £'000</i>	<i>Total £'000</i>
Share of net assets			
At 1 October 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
	<hr/>	<hr/>	<hr/>
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)
	<hr/>	<hr/>	<hr/>
At 30 September 2001	377	—	377
Additions during the year	904	—	904
Share of loss retained by joint ventures	(413)	—	(413)
Exchange loss taken to reserves	(9)	—	(9)
	<hr/>	<hr/>	<hr/>
At 30 September 2002	859	—	859
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

lastminute.com Japan Limited

In January 2002 the Group entered into a joint venture agreement with Kinki Nippon Tourist Co. Limited, Nippon Travel Agency Co. Limited, Mitsubishi Corporation/MC Capital Fund, Credit Saison co. Limited and Japan Efund to establish a new e-commerce business in Japan.

The Group holds 32.9% of the share capital of the Japanese company and its investment in the company is treated as a joint venture because the board control is split between lastminute.com plc and the other investing entities.

Payment by the Group in respect of the investment was ¥175,000,000 (£904,000) in cash.

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 Lastminute Network S.L. 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 other 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 30 September 2000 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.

Associate

	<i>Share of net tangible assets</i>	<i>Goodwill</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 October 1999, 30 September 2000 and 30 September 2001	—	—	—
Additions during 2002	19	2,364	2,383
Share of loss retained by associate	(4)	—	(4)
Goodwill amortisation	—	(148)	(148)
Exchange gain taken to reserves	1	—	1
	<hr/>	<hr/>	<hr/>
At 30 September 2002	16	2,216	2,232
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

LCC24 AG

In June 2002 the Group purchased a 20% holding in LCC24 AG, the newly established German online travel agency of Lufthansa City Center for a consideration of £2,383,000 satisfied by the issue of 2,804,136 new shares in lastminute.com plc at an average price of £0.85.

This investment has been treated by the Group as an associated undertaking due to the presence of both significant influence, through lastminute.com having representation on the Board, and a participating interest. The fair value of the Group's share of the net assets at the date of investment was £19,000 generating £2,364,000 of goodwill. This goodwill is being amortised over a period of four years from acquisition.

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

<i>Name of company</i>	<i>Country of registration or incorporation</i>	<i>Principal activity</i>	<i>Ordinary shares held (%)</i>
<i>Investments in subsidiaries</i>			
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
Voyages Sur Mesures S.A.	France	Marketer	100
Lastminute.com BV	Netherlands	Marketer	100
Urbanbite Limited*	England and Wales	Marketer	100
Globepost Limited	England and Wales	Marketer	100
Travelselect.com Limited*	England and Wales	Holding Company	100
The Destination Holdings Group Limited*	England and Wales	Holding Company	100
The Destination Group Limited	England and Wales	Marketer	100
Travelprice.com S.A.*	France	Marketer	100
Travelprice Italia S.R.L.	Italy	Marketer	100
Travelprice S.A.S.	France	Marketer	100
Travelprice Spain S.L.	Spain	Marketer	100
Travelprice Belgium S.A.	Belgium	Marketer	100
<i>Investments in joint ventures</i>			
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
Lastminute.com Japan Limited	Japan	Marketer	32.9
<i>Investment in associate</i>			
LCC24 AG*	Germany	Marketer	20

* directly held by lastminute.com plc

Acquisitions

Degriftour Group

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:

	<i>Book and fair value of assets acquired</i>
	<i>£'000</i>
Tangible fixed assets	2,354
Debtors	4,203
Creditors	(7,883)
Cash	747
Provisions	(506)
Taxation	(129)
Net liabilities acquired	(1,214)
Goodwill (note 12)	58,636
Cost of net business	57,422

Urbanbite Limited

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.

Travelselect.com Group

On 8 April 2002 the Group completed the acquisition of the Travelselect.com Group (comprising Travelselect.com Limited and its subsidiary undertaking Globepost Limited) for consideration of £10.3 million with contingent consideration payable of up to £0.8 million. The consideration comprised:

- (i) 13,194,868 new ordinary shares in lastminute.com plc issued at £0.61 each on 8 April 2002.
- (ii) 579,374 new ordinary shares in lastminute.com plc issued at £0.93 each on 25 September 2002.
- (iii) £1.7 million payable in new ordinary shares or loan notes at the option of lastminute.com plc on 31 March 2003.
- (iv) Contingent consideration of up to £0.8 million, payable in new ordinary shares or loan notes at the option of lastminute.com plc, dependent on the total transaction value of the Global Flights business for the period ended 31 March 2003.

The contingent consideration payable has been estimated by management at £0.4 million.

In addition to the above consideration a further 1,343,143 new ordinary shares in lastminute.com plc were placed at £0.57 each on 8 April 2002. The proceeds were subsequently used to repay the debt of the acquired group.

The investment in the Travelselect.com Group is held by lastminute.com plc, and has been included in the Group balance sheet using the acquisition method of accounting at its fair value at 8 April 2002. Goodwill arising on the acquisition of the Travelselect.com Group has been capitalised and is being amortised over four years.

Analysis of the acquisition of the Travelselect.com Group:

	<i>Book value</i>	<i>Accounting policy alignments</i>	<i>Revaluations</i>	<i>Fair Value</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Intangible fixed assets	8,654	—	(8,654)(a)	—
Tangible fixed assets	3,452	—	(2,869)(b)	583
Debtors	1,599	—	—	1,599
Cash	2,761	—	—	2,761
Creditors	(6,983)	(528)(c)	—	(7,511)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/(liabilities) acquired	9,483	(528)	(11,523)	(2,568)
Goodwill (note 12)				13,718
				<hr/>
Cost of acquisition				11,150
				<hr/> <hr/>
Satisfied by:				
Issue of new ordinary shares				8,600
New ordinary shares to be issued				1,700
Contingent consideration				400
Acquisition costs				450
				<hr/>
				11,150
				<hr/> <hr/>

Adjustments:

- (a) Elimination of historical goodwill.
- (b) The write-off of previously capitalised product development and website development costs which have no realisable value.
- (c) Alignment of revenue recognition policies to recognise turnover at date of departure.

The Trivelselect.com Group made a loss on ordinary activities after tax of £3,582,000 for the year ended 31 January 2002. The summarised profit and loss account for the period from 1 February 2002 to the date of acquisition is as follows:

	<i>Period ended 8 April 2002 £'000s</i>
Turnover	721
Operating loss	(445)
Loss before tax	(449)
Taxation	—
	<hr/>
Loss after tax	(449)
	<hr/> <hr/>

There were no recognised gains and losses in the period ended 8 April 2002, other than the loss of £449,000. The costs incurred in the year ended 30 September 2002 of integrating the Trivelselect.com Group into the lastminute.com Group were not significant.

Trivelselect.com Group contributed £3,245,000 to the Group's operating cash flows.

The Destination Group

On 12 June 2002 the Group completed the acquisition of the Destination Group (comprising The Destination Holdings Group Limited and its 100% owned subsidiary The Destination Group Limited) for consideration of £12.1 million with contingent consideration payable of up to £3.0 million. The consideration comprised:

- (i) 4,835,298 new ordinary shares in lastminute.com plc issued at £0.84 on 12 June 2002.
- (ii) £8.0 million cash funded by a vendor placing of 9,638,555 new ordinary shares in lastminute.com plc issued at £0.83 each on 12 June 2002.
- (iii) Contingent consideration of up to £3.0 million payable in new ordinary shares or loan notes at the option of lastminute.com plc, if the Destination Group achieves operating profit before tax targets adjusted for group synergies achieved for the year ended 30 April 2003.

The contingent consideration payable has been estimated at £1.5 million by management on the basis of the expected level of adjusted profit before tax for the Destination Group for the year ending 30 April 2003.

The investment in Destination Group is held by lastminute.com plc, and has been included in the Group balance sheet using the acquisition method of accounting at its fair value at 12 June 2002. Goodwill arising on the acquisition of the Destination Group has been capitalised and is being amortised over four years.

Analysis of the acquisition of the Destination Group:

	<i>Book value</i> £'000	<i>Accounting policy alignments</i> £'000	<i>Revaluations</i> £'000	<i>Fair Value</i> £'000
Intangible fixed assets	46	—	(46)(a)	—
Tangible fixed assets	253	—	(126)(b)	127
Debtors	1,344	225(c)	(37)(d)	1,532
Cash	7,111	—	—	7,111
Creditors	(8,169)	(97)(e)	(144)(f)	(8,410)
Taxation	83	(38)(g)	53 (g)	98
Net assets/(liabilities) acquired	<u>668</u>	<u>90</u>	<u>(300)</u>	<u>458</u>
Goodwill (note 12)				<u>13,416</u>
Cost of acquisition				<u>13,874</u>
Satisfied by:				
Issue of new ordinary shares				4,062
Proceeds from vendor placement of new ordinary shares				8,000
Contingent consideration				1,500
Acquisition costs				312
				<u>13,874</u>

Adjustments:

- (a) Elimination of historical goodwill.
- (b) The value of furniture and office equipment has been written down based on a valuation by the Directors.
- (c) Alignment of accounting policies to accrue for supplier incentives.
- (d) Write down of debtors following an assessment of the recoverable values.
- (e) Alignment of revenue recognition policies to recognise turnover at the date of departure.
- (f) Recognition of unprovided amounts in respect of airline creditor accounts.
- (g) Recognition of provision for tax liability on fair value adjustments.

The Destination Group made a profit on ordinary activities after tax of £58,000 for the year ended 30 April 2002.

The summarised profit and loss account for the period from 1 May 2002 to the date of acquisition is as follows:

	<i>Period ended 12 June 2002 £'000</i>
Turnover	542
Operating profit	38
Profit before tax	41
Taxation	(12)
Profit after tax	<u>29</u>

There were no recognised gains and losses in the period ended 12 June 2002, other than the profit of £29,000. The costs incurred in the year ended 30 September 2002 of integrating the Destination Group into the lastminute.com Group were not significant.

Destination Group contributed £2,977,000 to the Group's operating cashflows.

Travelprice.com Group

On 22 July 2002 the Group announced the acquisition of the Travelprice.com Group (comprising Travelprice.com SA and its subsidiary undertakings) for consideration of £28.3 million. The transaction completed on 29 August 2002. The consideration comprised:

- (i) 28,000,783 new ordinary shares in lastminute.com plc issued at £0.92 on 29 August 2002.
- (ii) A second issue of up to 6,644,305 new ordinary shares in lastminute.com plc to be issued on or before 28 February 2003, in respect of warrants outstanding over 4,620,739 Travelprice.com SA ordinary shares. The cost, net of proceeds, have been provisionally assessed by the Directors at £2,540,000.

The investment in the Travelprice.com Group is held by lastminute.com plc, and has been included in the Group balance sheet using the acquisition method of accounting at its fair value at 22 July 2002. Goodwill arising on the acquisition of the Travelselect.com Group has been capitalised and is being amortised over four years.

Analysis of the acquisition of the Travelprice.com Group:

	<i>Book value</i>	<i>Accounting policy alignments</i>	<i>Revaluations</i>	<i>Fair Value</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Intangible fixed assets	24	—	(24)(a)	—
Tangible fixed assets	1,125	—	(195)(b)	930
Debtors	4,408	—	—	4,408
Cash	9,216	—	—	9,216
Creditors	(13,046)	(312)(c)	—	(13,358)
Provisions	(684)	—	(131)(d)	(815)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/(liabilities) acquired	1,043	(312)	(350)	381
	<hr/>	<hr/>	<hr/>	<hr/>
Goodwill (note 12)				28,997
				<hr/>
Cost of acquisition				29,378
				<hr/> <hr/>
Satisfied by:				
Issue of new ordinary shares				25,761
Fair value of options				2,540
Acquisition costs				1,077
				<hr/>
				29,378
				<hr/> <hr/>

Adjustments:

- (a) Elimination of historical goodwill.
- (b) The value of furniture and office equipment has been written down based on a valuation by the Directors.
- (c) Alignment of revenue recognition policies to recognise turnover at the date of departure.
- (d) Recognition of unprovided amounts in respect of an onerous leasehold contract.

The Travelprice.com Group made a loss after tax of £14.6 million for the year ended 31 December 2001. Included within this result were reorganisation and restructuring costs of £1.1 million.

The summarised profit and loss account for the period from 1 January 2002 to the date of acquisition is as follows:

	<i>Period ended 22 July 2002 £'000</i>
Turnover	3,871
Operating loss	(4,039)
Loss before tax	(5,482)
Taxation	—
	<hr/>
Loss after tax	(5,482)
	<hr/> <hr/>

For the period 23 July 2002 to 30 September 2002 Travelprice.com Group utilised £2,310,000 of the Group's operating cashflows.

Included within the above are reorganisation and restructuring costs of £1.4 million.

There were no recognised gains and losses in the period ended 22 July 2002, other than the loss of £5,482,000.

15. Stocks

	<i>At 30 September 2002 £'000</i>	<i>At 30 September 2001 £'000</i>	<i>At 30 September 2000 £'000</i>
Entertainment tickets held for resale	75	40	52
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

16. Debtors

	<i>At 30 September 2002 £'000</i>	<i>At 30 September 2001 £'000</i>	<i>At 30 September 2000 £'000</i>
Trade debtors	8,314	4,557	2,827
Other debtors	4,996	4,804	5,980
Prepayments and accrued income	2,791	1,812	1,736
	<hr/>	<hr/>	<hr/>
	16,101	11,173	10,543
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17. Creditors: amounts falling due within one year

	<i>At</i> <i>30 September</i> <i>2002</i> <i>(Audited)</i> <i>£'000</i>	<i>At</i> <i>30 September</i> <i>2001</i> <i>(Audited)</i> <i>£'000</i>	<i>At</i> <i>30 September</i> <i>2000</i> <i>(Restated) (1)</i> <i>£'000</i>	<i>At</i> <i>30 September</i> <i>2000</i> <i>(Audited)</i> <i>£'000</i>
Obligations under finance leases (note 19)	155	—	—	—
Trade creditors	38,510	12,421	10,250	10,250
Other taxes and social security costs	762	1,157	1,788	1,788
Other creditors	3,879	1,796	331	331
Consideration payable in relation to acquisition of subsidiary undertakings	—	6,185	21,350	21,350
Accruals and deferred income	10,384	4,841	4,644	4,582
	<u>53,690</u>	<u>26,400</u>	<u>38,363</u>	<u>38,301</u>

(1) See note 14.

18. Creditors: amounts falling due after more than one year

	<i>At</i> <i>30 September</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>30 September</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>30 September</i> <i>2000</i> <i>£'000</i>
Obligations under finance leases (note 19)	42	—	—
Deferred consideration for purchase of a subsidiary undertaking	—	—	6,031
	<u>42</u>	<u>—</u>	<u>6,031</u>

19. Lease commitments

(a) Amounts due under finance leases:

	<i>At</i> <i>30 September</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>30 September</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>30 September</i> <i>2000</i> <i>£'000</i>
Amounts payable:			
Within one year	161	—	—
In two to five years	44	—	—
	<u>205</u>	<u>—</u>	<u>—</u>
Less: finance charges allocated to future periods	(8)	—	—
	<u>197</u>	<u>—</u>	<u>—</u>

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

	<i>At</i> <i>30 September</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>30 September</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>30 September</i> <i>2000</i> <i>£'000</i>
Operating leases for land and buildings which expire:			
Within one year	447	305	—
In two to five years	1,440	854	2,771
Over five years	193	319	—
Other operating leases which expire:			
Within one year	49	153	—
In two to five years	224	109	—

20. Provisions for liabilities and charges

	<i>National Insurance on granted options</i> <i>£'000</i>	<i>Onerous contracts</i> <i>£'000</i>	<i>Restructuring (note 4)</i> <i>£'000</i>	<i>Other</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
At 1 October 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
Provided during the year	259	—	3,094	—	3,353
Utilised during the year	—	(184)	(378)	(7)	(569)
Released during the year	—	—	—	(28)	(28)
Acquisition of subsidiary undertaking	—	187	—	628	815
At 30 September 2002	285	307	2,716	806	4,114

The Group provides for National Insurance contributions on options granted. A provision is made at a rate of 11.8% 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.

Provisions are recognised for onerous lease contracts and are based on the future charges of the lease over their remaining lease periods.

The restructuring provision relates to costs associated with restructuring the French and Italian businesses.

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

21. Financial instruments

The Group's principal financial instruments comprise trade and other debtors, trade and other creditors, accruals, cash and short-term deposits.

As permitted by FRS 13, Derivatives and Other Financial Instruments: Disclosures, short term debtors and creditors have been excluded from these disclosures, other than in relation to the currency risks.

Interest rate risk

The Group held significant cash balances at 30 September 2002, 30 September 2001 and 30 September 2000. 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.

Liquidity risk

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

Currency risk: structural

As a result of the significant investment in its Euro zone 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 currently, and 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 that are not denominated in the functional currency of the transacting company (see table below). The Group's policy is to hedge against significant US Dollar exposures. Gains and losses on instruments used for hedging are not recognised until the hedged position is recognised. There were no hedging transactions outstanding on 30 September 2002.

Interest rate profile of financial assets

	<i>At</i> 30 September 2002 £'000	<i>At</i> 30 September 2001 £'000	<i>At</i> 30 September 2000 £'000
Sterling	29,184	32,098	72,439
US Dollars	1,210	1,162	2,676
Euro	19,030	13,199	28,493
Swedish Krona	118	131	80
Australian Dollars	69	27	—
Other	6	—	—
	<u>49,617</u>	<u>46,617</u>	<u>103,688</u>

	<i>At</i> 30 September 2002 Fixed Rate £'000	<i>At</i> 30 September 2002 Interest Free £'000	<i>At</i> 30 September 2001 Interest Free £'000	<i>At</i> 30 September 2000 Interest Free £'000
Interest rate profile of financial liabilities				
Euro	(197)	(307)	(101)	(6,355)
Weighted average period	1.3 years	0.9 years	1.3 years	1.1 years
Weighted average interest rate	5.3%	N/a	N/a	N/a

Currency risks

The table below shows the Group's currency exposures that give rise to the net currency gains and losses that are 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.

	<i>Euro</i> <i>£'000</i>	<i>US</i> <i>Dollar</i> <i>£'000</i>	<i>Swedish</i> <i>Krona</i> <i>£'000</i>	<i>Australian</i> <i>Dollar</i> <i>£'000</i>	<i>Other</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
At 30 September 2002						
Functional currency of Group operations Sterling	895	1,210	10	69	6	2,190
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

Fair values of financial assets and financial liabilities

The table below shows a comparison of the book values and the estimated fair values of the Group's financial assets, liabilities and associated derivative instruments.

	<i>Book value</i> <i>£'000</i>	<i>Fair value</i> <i>£'000</i>
At 30 September 2002		
Cash	49,617	49,617
Finance leases	(197)	(197)
Onerous lease contracts	(307)	(307)
	<i>Book value</i> <i>£'000</i>	<i>Fair value</i> <i>£'000</i>
At 30 September 2001		
Cash	46,617	46,617
Onerous lease contract	(101)	(101)
Forward foreign currency contracts	—	(4)
	<i>Book value</i> <i>£'000</i>	<i>Fair value</i> <i>£'000</i>
At 30 September 2000		
Cash	103,688	103,688
Deferred consideration payable	(6,031)	(6,031)
Onerous lease contract	(304)	(304)

Hedges

Unrecognised gains and losses on instruments used for hedging, and the movements therein, are as follows:

	<i>Gains/</i> <i>(Losses)</i> <i>£'000</i>
Unrecognised losses on hedges at 30 September 2002	—
Unrecognised losses on hedges at 30 September 2001	(4)
Unrecognised gains and losses on hedges at 30 September 2000	2
Of which:	
Gains and losses expected to be recognised in the year to 30 September 2003	—
Gains and losses expected to be recognised in the year to 30 September 2002	4
Gains and losses expected to be recognised in the year to 30 September 2001	2

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 Degrifour 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 2002 were 19,349,662 shares (2001: 18,293,229 shares; 2000: 16,792,539 shares). These options, which vest over a three year period, are exercisable at various dates between 2002 and 2012 at various exercise prices between 2.31p and 218p per share, and at an average weighted exercise price of 45.32p per share.

In addition at 30 September 2002, options over 754,426 Ordinary shares (2001 and 2000: Nil) were outstanding under the terms of the Company's new Sharesave Scheme. These options were granted in April 2002 at a price of 48p and are normally exercisable in 2005.

23. Reconciliation of shareholders' funds and movement on reserves

<i>Group</i>	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>	<i>Other reserves £'000</i>	<i>Merger reserve £'000</i>	<i>Shares to be issued £'000</i>	<i>Total shareholders' funds £'000</i>
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
Loss for the year	—	—	(38,081)	—	—	—	(38,081)
Foreign currency translation differences	—	—	859	—	—	—	859
Shares issued in relation to the acquisition of:							
Travelselect.com Group	138	—	—	—	8,462	2,100	10,700
Destination Group	48	—	—	—	4,013	1,500	5,561
Travelprice.com Group	280	—	—	2,540	25,481	—	28,301
LCC24 AG	28	2,355	—	—	—	—	2,383
Shares placing in relation to:							
Destination Group	96	7,749	—	—	—	—	7,845
Travelselect.com Group	13	752	—	—	—	—	765
Share options exercised	24	184	—	—	—	—	208
Other	—	(392)	—	—	—	—	(392)
Share based compensation	—	—	—	(2,485)	—	—	(2,485)
At 30 September 2002	2,360	123,631	(131,302)	6,439	99,848	3,600	104,576

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 subsidiary undertakings.

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.

24. Notes to the statement of cash flows

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

	<i>Year ended</i> 30 September 2002 £'000	<i>Year ended</i> 30 September 2001 £'000	<i>Year ended</i> 30 September 2000 £'000
Operating loss	(35,773)	(56,994)	(39,451)
Depreciation	9,781	8,744	1,317
Amortisation of goodwill – subsidiary undertakings	18,666	14,660	—
Decrease/(increase) in debtors	2,611	(451)	(5,732)
(Increase)/decrease in stocks	(35)	12	(51)
Increase in creditors	3,631	3,155	4,686
Increase/(decrease) in provisions	40	(867)	290
Foreign exchange gains/(losses)	859	(493)	(293)
Share-based compensation	(2,485)	1,181	4,582
Profit on sale of fixed assets	(1)	(26)	—
Net cash outflow from operating activities	(2,706)	(31,079)	(34,652)

(b) Analysis of net cash position

	<i>Cash at bank</i> £'000	<i>Short term deposits (1)</i> £'000	<i>Finance leases</i> £'000	<i>Loans</i> £'000	<i>Bank overdrafts</i> £'000	<i>Total</i> £'000
At 1 October 1999	4,319	—	—	—	(70)	4,249
Cashflow	96,822	2,547	—	—	70	99,439
At 30 September 2000	101,141	2,547	—	—	—	103,688
Cashflow	(58,573)	1,502	—	—	—	(57,071)
At 30 September 2001	42,568	4,049	—	—	—	46,617
Cashflow	(3,043)	6,043	85	766	—	3,851
Other non cash movements	—	—	(282)	(766)	—	(1,048)
At 30 September 2002	39,525	10,092	(197)	—	—	49,420

(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 £10.1 million. £2.7 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, £2.0 million in relation to IATA and £2.9 million is held as guarantee for other travel licences.

25. Commitments and contingencies

The Group had a number of guarantees on behalf of its subsidiary undertakings, which totalled £10.1 million at 30 September 2002 (2001: £4.0 million; 2000: £1.9 million). See note 24(c) above.

26. Related party transactions

There have been no related party transactions entered into during the three year period ended 30 September 2002.

27. Post balance sheet event

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.

INTERIM REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2002

The full text of the unaudited consolidated interim report of lastminute.com plc for the three months ended 31 December 2002, as announced on 6 February 2003, is set out below:

“FIRST QUARTER 2003 FINANCIAL RESULTS

CONTINUED IMPROVING PERFORMANCE

lastminute.com today announces Quarter 1 2003 results and the enhancement of its Executive Management Team

- **Customer conversion rate improved to 25.6% from 16.1% year-on-year**
- **Total transaction value for the Quarter grew by 174.4% year-on-year to £87.1m (Q1 2002: £31.7m)**
- **Gross profit for the Quarter up 153.8% year-on-year to £11.3m (Q1 2002: £4.5m)**
- **Customer acquisition costs fall by £1.70 to £9.20 per customer for Quarter 1 compared with the same period last year**
- **Group EBITDA loss of £1.6m for the Quarter as expected, a reduction of 69.1% compared with the Quarter 1 2002 EBITDA loss of £5.1m**
- **Loss (before goodwill amortisation and taxation) down 46.5% year-on-year to £3.8m (Q1 2002: loss £7.2m)**
- **Operating cash outflow (before exceptional items) of £7.4m for the Quarter (Q1 2002: £3.8m), reflecting the increased level of business following acquisitions, seasonal working capital movements and additional capital expenditure**
- **Cash balance remains strong at £41.9m (Q1 2002: £36.5m)**
- **Successful launch of “Breakbuilder”, the lastminute.com dynamic packaging product**

Allan Leighton, Chairman said:

“lastminute.com continues to make progress. Despite the uncertain political and economic environment that Europe is facing, our business model allows us to anticipate 2003 being another year of sustained and improving performance.”

Brent Hoberman, Chief Executive, added:

“We have achieved another quarter of significant progress. This strong performance reflects our widened geographical spread and increased depth of offering, as evidenced by the successful launch of our dynamic packaging product, Breakbuilder, in November 2002.”

Financial Highlights (£'000s)

<i>Year-on-year</i>	<i>Quarter ended</i> <i>31 Dec 2002</i>	<i>Quarter ended</i> <i>31 Dec 2001</i>	<i>Growth</i>
Registered subscribers at quarter end	6,828,254	4,591,426	48.7%
Cumulative unique customers since inception (1)	1,518,375	669,550	126.8%
New unique customers in the quarter	240,488	133,104	80.7%
Number of items sold in the quarter	570,052	298,425	91.0%
Total transaction value (departure based) (2)	£87,079	£31,731	174.4%
Total turnover (incl. share of joint ventures)	£11,758	£4,774	146.3%
Gross profit	£11,323	£4,461	153.8%
Gross margin	13.0%	14.1%	Down 1.1 percentage points
EBITDA	£(1,575)	£(5,104)	Loss down 69.1%
Loss before taxation (pre exceptional items and goodwill amortisation)	£(3,838)	£(7,176)	Loss down 46.5%
Operating cash outflow (pre exceptional items)	£(7,383)	£(3,826)	
Cash balance at quarter end	£41,913	£36,530	
<i>Quarter-on-quarter</i>	<i>Quarter ended</i> <i>31 Dec 2002</i>	<i>Quarter ended</i> <i>30 Sept 2002</i>	<i>Growth</i>
Registered subscribers at quarter end	6,828,254	6,443,381	6.0%
Cumulative unique customers since inception (1)	1,518,375	1,277,887	18.8%
New unique customers in the quarter	240,488	260,955	(7.8)%
Number of items sold in the quarter	570,052	633,603	(10.0)%
Total transaction value (departure based) (2)	£87,079	£112,444	(22.6)%
Total turnover (incl. share of joint ventures)	£11,758	£15,157	(22.4)%
Gross profit	£11,323	£14,787	(23.4)%
Gross margin	13.0%	13.2%	Down 0.2 percentage points
EBITDA	£(1,575)	£2,837	
(Loss)/profit before taxation (pre exceptional items and goodwill amortisation)	£(3,838)	£302	
Operating cash (outflow)/inflow (pre exceptional items)	£(7,383)	£811	
Cash balance at quarter end	£41,913	£49,617	

(1) Only includes acquired unique customers from the points of acquisition.

(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**Further growth in subscribers, customers and conversion**

Year-on-year we have seen significant increases in the number of subscribers, customers and the conversion of lookers to bookers. Subscribers have increased to in excess of 6.8 million at 31 December 2002, which represents an increase of 48.7% year-on-year (Q1 2002: 4.6 million).

Our broadened supply and attractive product offering has driven further increases in customer numbers during the Quarter. The cumulative number of unique customers since inception has grown by 126.8% to in excess of 1.5 million at 31 December 2002 (Q1 2002: 0.7 million).

Further technological developments to the website have also contributed to materially improved conversion rates which at 31 December 2002 have risen to 25.6% from 16.1% at 31 December 2001.

Accelerated TTV growth and focus on margins

Due to the increased variety of products and services available through lastminute.com and the attraction of our competitive pricing, we have experienced seasonally strong year-on-year TTV growth in all product categories. During the latter half of December the demand for Flights and dynamic packages in the UK business was particularly strong.

TTV during Quarter 1 2003 on Quarter 1 2002 has grown by 174.4% to £87.1 million (Q1 2002: £31.7m) with the UK and France growing by 245.5% and 73.9% to £57.4m and £20.0m respectively. It is anticipated that the TTV growth in our German business will benefit from our investment in LCC24.com towards the end of this financial year.

Despite increases in TTV from the Flights category, which generally earns lower gross margins, Quarter 1 2003 gross margins of 13.0% have remained broadly in line with Quarter 4 2002 margins (Q4 2002: 13.2%). This achievement reflects the initial contribution from the higher margins in the eXhilaration business which was acquired in November 2002 and good contributions from commercial and advertising revenues. The initial margins on “Breakbuilder”, our new dynamic packaging product, are in line with expectation to promote a new product aggressively.

Encouraging growth from Dynamic Packaging

Following the launch of our integrated dynamic packaging product, “Breakbuilder”, in the UK in November 2002, we have already announced the achievement of a strong sales performance for the new product during its first full month of trading in December 2002. “Breakbuilder” enables customers to book a flight and hotel in the same shopping basket and receive an integrated price for those services.

Currently, purely a UK product, “Breakbuilder” achieved TTV for December 2002 of just over £1.0 million. For January 2003, dynamic packaging achieved TTV of £1.4m demonstrating the continued rapid growth of the category and attractiveness to our customers. This product represents approximately 7% of UK TTV for the month and will be expanded both geographically and for product depth later in the financial year.

Investment for efficiencies and cost savings

During Quarter 1 2003, we have incurred further expenditure which is anticipated to contribute to the delivery of cost savings later this financial year. In this Quarter we implemented the outsourcing of our UK data entry and a proportion of post sales customer support through a commercial outsourcing arrangement which was announced in September 2002. As well as increased flexibility from the arrangement we anticipate cost savings will be derived later in the current financial year.

In addition, further expenditure in this Quarter in the area of technological development on a number of key projects is expected to improve the efficiency and effectiveness in a number of back office areas including ticket fulfillment for the Flights product.

Integration of acquisitions

The integration benefits of the Travelprice.com Group remain on track to be delivered by the end of February 2003. The anticipated full financial year synergies of approximately €10m will start to flow through following completion of the integration.

The integration of the UK travel businesses (Travelselect.com, Destination Group and lastminute.com) completed in September 2002 has started to deliver synergies which will be further supplemented by the completion of a number of technical developments.

Ongoing development of supplier relationships and product availability

During the Quarter, Hertz and lastminute.com signed a preferred supplier partnership agreement to provide global car rental to customers. This partnership will benefit our customers through offering real time online access to car hire product.

In addition, during the Quarter, we announced a long-term partnership with Voyages Auchan, the travel business of French hypermarket giant Auchan, for the distribution of last minute holidays and flights originating in France.

In our hotels category new supply relationships were concluded with NH Hotels, Boscolo Hotels, 6C, Le Meridian and Golden Tulip during the Quarter, all of which add to the overall breadth of this important product.

Recently we announced the launch of one of our highest profile marketing campaigns in conjunction with McDonald's where lastminute.com will be featured in over 1,200 McDonald's restaurants and on various point of sale materials. lastminute.com will feature on Big Mac[™] packaging offering specific tailor made holidays as prizes for a period of 4 weeks.

Further enhancement of our Executive management team

Our Senior Executive management team is key to the development of the Group and we are delighted to announce the appointments of Chip Steinmetz as Chief Technology Officer and Andrew Windsor as Group Head of Sales and Marketing. Both bring with them a wealth of experience in their relevant sectors and we believe this combined expertise will benefit the Group. Chip has held senior technical positions in a number of leading global organisations including UBS, Barclays Capital and most recently Walt Disney Internet Group where he was Head of Technology. Andrew is well respected in the travel industry and his knowledge gained over many years with Thomas Cook will significantly contribute to the growth of the travel segment of our business.

Board change

Laurent Laffy will be stepping down from the Board as a Non-Executive Director at the Annual General Meeting on 6 March 2003. Laurent has served on the lastminute.com Board since October 1998 and we would like to express our appreciation of all the help and guidance he has given the company since that time.

Brent Hoberman
Chief Executive Officer

Martha Lane Fox
Group Managing Director

6 February 2003

Financial Review

Total transaction value (TTV), turnover and gross margins

TTV for Quarter 1 was £87.1m (Q1 2002: £31.7m), representing an increase of 174.4% over the equivalent period of the prior year. Turnover including our share of joint ventures for the Quarter totalled £11.8m (Q1 2002: £4.8m), which is an increase of 146.3% year-on-year. Gross profit for the Quarter was £11.3m compared with £4.5m for the equivalent period of the prior year, representing an increase of 153.8%.

Significant reduction in cost base

Operating costs before depreciation and goodwill amortisation have increased year-on-year to £12.9m (Q1 2002: £9.6m), as expected. This increase is due to the inclusion of the costs related to the acquisitions made during the financial year 2002. Underlying like-for-like costs have fallen significantly. As a percentage of TTV, total "cash" operating costs have declined to 14.8% of TTV for the Quarter compared with 30.1% in the equivalent Quarter of last year.

During the Quarter we have continued to invest in Product Development in order to deliver efficiency savings later in the financial year. Quarterly Sales and Marketing costs reflect the initial investments made in outsourcing data entry and post sales customer support to our outsourcing partner. They also reflect the significant increase in the scale of TTV compared with the equivalent quarter last year.

EBITDA improvements

Losses before interest, taxation, depreciation and goodwill amortisation have reduced by 69.1% to £1.6m from Quarter 1 2002 to Quarter 1 2003 (Q1 2002: £5.1m). These significant improvements have been achieved through the increase in the volume of transactions and growth in gross margin, together with tight cost control.

Operating cash outflow in line with expectations

At 31 December 2002 the cash position of the Group stood at £41.9m. Operating cash outflow (before exceptional items) was £7.4m which is in line with the guidance given at the time of the preliminary results announcement in November 2002.

David Howell
Chief Financial Officer

6 February 2003

Independent Review Report to lastminute.com plc

Introduction

We have been instructed by the company to review the financial information for the three months ended 31 December 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 months ended 31 December 2002.

Ernst & Young LLP
London

6 February 2003

Consolidated Profit & Loss Account

	<i>Quarter ended 31 Dec 2002 £'000 (Unaudited)</i>	<i>Quarter ended 31 Dec 2001 £'000 (Unaudited)</i>	<i>Quarter ended 30 Sept 2002 £'000 (Unaudited)</i>
Total transaction value (departure based) (1)	87,079	31,731	112,444
Consolidated profit and loss account			
Turnover			
Group and share of joint ventures	11,758	4,774	15,157
Less: share of joint ventures	(73)	(47)	(55)
Continuing operations:			
– Ongoing	11,435	4,727	9,623
– Acquisitions	250	—	5,479
Group turnover	11,685	4,727	15,102
Cost of sales	362	266	315
Gross profit	11,323	4,461	14,787
Operating costs			
Product development	1,660	1,557	1,482
Sales and marketing	7,148	5,047	6,622
General and administration	4,090	2,961	3,846
Operating costs before depreciation and goodwill amortisation	12,898	9,565	11,950
EBITDA	(1,575)	(5,104)	2,837
Depreciation	2,403	2,359	2,917
Goodwill amortisation	7,273	3,665	6,606
Total operating costs	22,574	15,589	21,473
Operating profit/(loss)			
Continuing operations:			
– Ongoing	(11,306)	(11,128)	(7,612)
– Acquisitions	55	—	926
Group operating loss	(11,251)	(11,128)	(6,686)
Share of operating loss in joint ventures	(113)	(87)	(81)
Share of operating loss in associate	(5)	—	(3)
Goodwill amortisation arising on the investment in an associate	(148)	—	(148)
Total operating loss: Group and share of joint ventures	(11,517)	(11,215)	(6,918)
Continuing operations:			
– Exceptional costs of a fundamental reorganisation	—	—	(3,094)
Loss on ordinary activities before interest and taxation	(11,517)	(11,215)	(10,012)
Interest receivable	274	387	482
Interest payable and similar charges	(16)	(13)	(16)
Loss on ordinary activities before taxation	(11,259)	(10,841)	(9,546)
Tax on loss on ordinary activities	—	—	(6)
Loss on ordinary activities after taxation	(11,259)	(10,841)	(9,552)
Loss per share – basic and diluted	(4.72)p	(6.25)p	(4.40)p
Weighted number of Ordinary Shares outstanding	238,310,865	173,390,768	217,131,869
Profit/(loss) on ordinary activities before taxation (pre exceptional items and goodwill amortisation) (see note 3)	(3,838)	(7,176)	302

(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

	<i>At</i> 31 Dec 2002 £'000 <i>(Unaudited)</i>	<i>At</i> 31 Dec 2001 £'000 <i>(Unaudited)</i>	<i>At</i> 30 Sept 2002 £'000 <i>(Audited)</i>
FIXED ASSETS			
Intangible assets	76,408	40,326	81,457
Tangible assets	12,271	12,229	12,081
Investments – joint ventures			
– gross assets	1,177	469	1,255
– gross liabilities	(450)	(127)	(396)
– total net assets	727	342	859
– associate	2,089	—	2,232
Total investments	2,816	342	3,091
Total fixed assets	91,495	52,897	96,629
CURRENT ASSETS			
Stock	159	96	75
Debtors	16,431	10,306	16,101
Cash at bank and in hand	41,913	36,530	49,617
CREDITORS: amounts falling due within one year	58,503 (49,444)	46,932 (21,310)	65,793 (53,690)
NET CURRENT ASSETS	9,059	25,622	12,103
TOTAL ASSETS LESS CURRENT LIABILITIES	100,554	78,519	108,732
CREDITORS: amounts falling due after more than one year	(6)	(150)	(42)
PROVISIONS FOR LIABILITIES AND CHARGES	(2,838)	(512)	(4,114)
TOTAL NET ASSETS	97,710	77,857	104,576
CAPITAL AND RESERVES			
Called up share capital	2,425	1,738	2,360
Share premium account	128,330	112,959	123,631
Shares to be issued	4,600	—	3,600
Merger reserve	100,851	61,892	99,848
Other reserves	3,955	6,346	6,439
Profit and loss account	(142,451)	(105,078)	(131,302)
TOTAL EQUITY SHAREHOLDERS' FUNDS	97,710	77,857	104,576

Consolidated Cash Flow Statements

	<i>Quarter ended 31 Dec 2002 £'000s (Unaudited)</i>	<i>Quarter ended 31 Dec 2001 £'000s (Unaudited)</i>	<i>Quarter ended 30 Sept 2002 £'000s (Unaudited)</i>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(5,090)	(3,550)	3,336
Cash outflow from exceptional items and acquisition related liabilities of Travelprice.com (see note 4)	(1,879)	—	(378)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	274	387	482
Interest paid and interest element of finance lease rental payments	(16)	(13)	(16)
Net returns on investments and servicing of finance	258	374	466
TAXATION			
Overseas tax paid	—	—	(241)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	(2,551)	(932)	(3,139)
Receipts from sale of tangible fixed assets	—	282	389
NET CASH (OUTFLOW)/INFLOW BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(9,262)	(3,826)	433
Acquisitions			
Cash acquired with subsidiary undertakings	44	—	8,479
Payments to acquire subsidiary undertakings	(966)	(6,268)	(8,716)
NET CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(10,184)	(10,094)	196
MANAGEMENT OF LIQUID RESOURCES			
Increase in short term deposits	(1,485)	(1,395)	(4,615)
FINANCING			
Issue of share capital	2,677	7	8,915
Share issue costs	—	—	(155)
Repayment of loan	—	—	(766)
Repayment of capital elements of finance leases	(36)	—	(85)
(DECREASE)/INCREASE IN CASH	(9,028)	(11,482)	3,490
RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS			
MOVEMENT IN CASH	(9,028)	(11,482)	3,490
Cash outflow from short term deposits	1,485	1,395	4,615
Repayment of capital elements of finance leases	36	—	85
Changes in net funds resulting from cash flows	(7,507)	(10,087)	8,190
New finance leases	—	—	(282)
NET FUNDS AT THE BEGINNING OF THE QUARTER	49,420	46,617	41,512
NET FUNDS AT THE END OF THE QUARTER	41,913	36,530	49,420
Operating cash (outflow)/inflow before exceptional items and acquisition related liabilities of Travelprice.com (see note 4)	(7,383)	(3,826)	811

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 2002. 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 2002. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

2. Additional information

	<i>Quarter ended</i> <i>31 Dec 2002</i>	<i>Quarter ended</i> <i>30 Sept 2002</i>	<i>Quarter ended</i> <i>30 Jun 2002</i>	<i>Quarter ended</i> <i>31 Mar 2002</i>	<i>Quarter ended</i> <i>31 Dec 2001</i>
Number of registered subscribers at period end	6,828,254	6,443,381	5,603,890	5,023,567	4,591,426
Number of customers at period end	1,518,375	1,277,887	1,016,932	819,912	669,550
Number of items sold in period	570,052	633,603	428,765	358,569	298,425
Number of suppliers at period end	14,732	14,454	15,324	10,737	10,113

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

	<i>Quarter ended</i> <i>31 Dec 2002</i> <i>£'000</i>	<i>Quarter ended</i> <i>31 Dec 2001</i> <i>£'000</i>	<i>Quarter ended</i> <i>30 Sept 2002</i> <i>£'000</i>
Loss on ordinary activities before taxation	(11,259)	(10,841)	(9,546)
Add: goodwill amortisation (group and associate)	7,421	3,665	6,754
exceptional costs of a fundamental reorganisation	—	—	3,094
(Loss)/profit on ordinary activities before taxation (pre exceptional items and goodwill amortisation)	(3,838)	(7,176)	302

4. Reconciliation of operating cash (outflow)/inflow (before exceptional items and acquisition related liabilities of Travelprice.com)

	<i>Quarter ended</i> <i>31 Dec 2002</i> <i>£'000</i>	<i>Quarter ended</i> <i>31 Dec 2001</i> <i>£'000</i>	<i>Quarter ended</i> <i>30 Sept 2002</i> <i>£'000</i>
NET CASH (OUTFLOW)/INFLOW BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(9,262)	(3,826)	433
Add: cash outflow from exceptional items	1,230	—	378
cash outflow from acquisition related liabilities of Travelprice.com	649	—	—
Operating cash (outflow)/inflow (before exceptional items and acquisition related liabilities of Travelprice.com)	(7,383)	(3,826)	811

Part III

Financial Information on the holiday autos group



Becket House
1 Lambeth Palace Road
London
SE1 7EU

The Directors and Proposed Director
lastminute.com plc
4 Buckingham Gate
London
SW1E 6JP

27 March 2003

Cazenove & Co. Ltd
12 Tokenhouse Yard
London
EC2R 7AN

Dear Sirs

Introduction

We report on the financial information prepared in connection with the proposed acquisition by lastminute.com plc of holiday autos group limited and its subsidiary undertakings (“the holiday autos group” or “Group”) referred to in the listing particulars dated 27 March 2003 of lastminute.com plc.

Basis of preparation

The consolidated financial information set out below in respect of the three years ended 31 October 2002 is based on the audited financial statements of the holiday autos group for the three years ended 31 October 2002 (together “the financial statements”), after making such adjustments as we considered necessary.

Responsibility

The financial statements of the holiday autos group are the responsibility of the directors of holiday autos group who approved their issue.

The Directors and Proposed Director of lastminute.com plc are responsible for the contents of the listing particulars in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements of holiday autos group. Our work also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the circumstances of the holiday autos group, consistently applied and adequately disclosed. We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion, the financial information gives, for the purposes of the listing particulars, a true and fair view of the state of affairs of the holiday autos group as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		<i>Year ended</i> <i>31 October</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 October</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 October</i> <i>2000</i> <i>£'000</i>
Total transaction value (TTV)				
– Continuing	1,2	153,755	147,491	125,738
– Discontinued	1,2	—	5,819	10,414
	1,2	153,755	153,310	136,152
Turnover				
Group and share of joint ventures	1,2	153,755	153,310	136,152
Less share of joint ventures		(1,648)	(952)	(560)
		152,107	152,358	135,592
Continuing operations:				
– Ongoing		152,107	146,539	125,178
– Discontinued		—	5,819	10,414
		152,107	152,358	135,592
Group turnover		152,107	152,358	135,592
Cost of sales		(102,255)	(107,175)	(94,708)
		49,852	45,183	40,884
Gross profit		92	409	1,640
Other income				
Operating costs				
Sales and marketing		(32,035)	(26,015)	(21,073)
General and administration		(15,360)	(21,885)	(21,256)
Operating costs before depreciation, amortisation and exceptional items		(47,395)	(47,900)	(42,329)
EBITDA (before exceptional items)		2,549	(2,308)	195
Depreciation	3	(1,851)	(1,400)	(1,025)
Goodwill amortisation	3	(29)	(219)	(282)
Operating exceptional items	4	(1,090)	—	(455)
Total operating costs		(50,365)	(49,519)	(44,091)
Operating loss		(421)	(3,927)	(1,567)
Share of operating profit in joint ventures	11	178	70	9
Total operating loss: group and share of joint ventures		(243)	(3,857)	(1,558)
– Profit on sale of discontinued operations	24	—	70	—
– Profit/(loss) on disposal of fixed assets	10	8	(152)	—
Loss on ordinary activities before interest and taxation		(235)	(3,939)	(1,558)
Interest receivable	5	47	191	101
Interest payable and similar charges	5	(761)	(593)	(538)
Loss on ordinary activities before taxation		(949)	(4,341)	(1,995)
Tax on loss on ordinary activities	7	(748)	(408)	(252)
Loss on ordinary activities after taxation		(1,697)	(4,749)	(2,247)
Dividends	8	(416)	(416)	(416)
Loss for the financial year and transfer from reserves		(2,113)	(5,165)	(2,663)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There is no material difference between the historical cost profit and the profit for the three years ended 31 October 2002 as shown in the Consolidated Profit And Loss Account.

	<i>Year ended</i> <i>31 October</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 October</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 October</i> <i>2000</i> <i>£'000</i>
Loss for the year excluding share of profits in joint venture	(2,291)	(5,235)	(2,672)
Share of joint venture's profit for the year	178	70	9
Loss attributable to shareholders	(2,113)	(5,165)	(2,663)
Exchange differences on translation of net assets	(47)	85	(282)
Other appropriation added back	106	—	—
Total recognised loss for the year	(2,054)	(5,080)	(2,945)

CONSOLIDATED BALANCE SHEETS

	<i>Notes</i>	<i>At 31 October 2002 £'000</i>	<i>At 31 October 2001 £'000</i>	<i>At 31 October 2000 £'000</i>
Fixed assets				
Intangible assets	9	456	481	5,159
Tangible assets	10	7,706	7,023	3,550
Investments – joint venture	11	224	68	9
		<u>8,386</u>	<u>7,572</u>	<u>8,718</u>
Current assets				
Debtors	12	13,743	10,360	9,301
Cash at bank and in hand		1,284	3,465	5,539
		<u>15,027</u>	<u>13,825</u>	<u>14,840</u>
Creditors: amounts falling due within one year	13	<u>(41,756)</u>	<u>(37,875)</u>	<u>(34,650)</u>
Net current liabilities		<u>(26,729)</u>	<u>(24,050)</u>	<u>(19,810)</u>
Total assets less current liabilities		(18,343)	(16,478)	(11,092)
Creditors: amounts falling due after more than one year	14	(238)	(52)	(406)
Provisions for liabilities and charges	7	(51)	(48)	—
Net liabilities		<u>(18,632)</u>	<u>(16,578)</u>	<u>(11,498)</u>
Capital and reserves				
Called up share capital	17,18	61	61	61
Share premium	18	102	102	102
Merger reserve	18	245	245	245
Profit and loss account	18	(19,040)	(16,986)	(11,906)
Deficit on shareholders' funds		<u>(18,632)</u>	<u>(16,578)</u>	<u>(11,498)</u>
The amount of shareholders' funds attributable to equity and non-equity interests are as follows:				
Equity		(18,790)	(16,630)	(11,550)
Non-equity		158	52	52
		<u>(18,632)</u>	<u>(16,578)</u>	<u>(11,498)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

		<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
Cashflow from operating activities				
Net cashflow continuing activities	23(a)	2,294	2,932	3,595
Net cashflow discontinued activities	23(a)	—	(2,779)	(1,499)
		<hr/>	<hr/>	<hr/>
Net cash inflow from operating activities		2,294	153	2,096
Returns on investments and servicing of finance				
Interest received		66	178	81
Interest paid		(768)	(565)	(530)
Interest element of hire purchase and finance lease payments		(7)	(14)	(34)
Dividends paid on non-equity shares		(105)	(211)	(211)
		<hr/>	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(814)	(612)	(694)
Taxation				
Corporation tax (paid)/received		(142)	(4)	256
Overseas tax paid		(710)	(225)	(189)
		<hr/>	<hr/>	<hr/>
Net cash (outflow)/inflow from taxation		(852)	(229)	67
Capital expenditure				
Purchase of tangible fixed assets		(2,585)	(5,233)	(2,046)
Sale of tangible fixed assets		134	114	156
Disposal of Kemwel assets	24	—	4,742	—
		<hr/>	<hr/>	<hr/>
Net cash outflow from capital expenditure		(2,451)	(377)	(1,890)
Equity dividends paid		(205)	(205)	(205)
Financing				
Redemption of loans		—	(595)	—
Capital element of hire purchase and finance lease payments		(79)	(145)	(290)
		<hr/>	<hr/>	<hr/>
Net cash outflow from financing		(79)	(740)	(290)
		<hr/>	<hr/>	<hr/>
Decrease in cash in the year	23(b)	(2,107)	(2,010)	(916)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL INFORMATION

1 Accounting policies

Basis of preparation

The consolidated financial information for the holiday autos group in respect of the three years ended 31 October 2002 is based on the audited financial statements of the holiday autos group for the three years then ended (together “the financial statements”) after making such adjustments as considered necessary, including accounting policy alignment with the lastminute.com Group.

The most significant adjustment relates to the spreading of a prior year adjustment reflected in the audited financial statements for the year ended 31 October 2002 to the correct accounting period. In the financial statements, the holiday autos directors have reconsidered their accounting policy with regard to the recognition of supplier costs and volume discounts, as the underlying assumptions upon which recognition was made are now considered to be inappropriate. The total impact of these adjustments was to increase the operating loss before tax for 2001 by £5.2 million, increase the operating loss before tax for 2000 by £2.1 million, and to reduce the opening reserves for 2000 by £0.5 million.

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

The adoption of Financial Reporting Standard 19 – Deferred Tax has resulted in a change in accounting policy for deferred tax, and a restatement of prior periods.

Basis of consolidation

The financial information consolidates the results of the Company and all its subsidiary undertakings, drawn up to 31 October 2002. The results of the businesses acquired or disposed of, are included for the period that they were under the Group’s control.

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.

Total Transaction Value (“TTV”) and Turnover

TTV and turnover represents the amounts invoiced for vehicle hire and ancillary services. TTV has been included to reflect the financial reporting practices of the lastminute.com Group.

TTV and turnover is recognised at the date of departure, and is stated exclusive of VAT and associated taxes.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised only when their recovery is considered more likely than not and that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

Foreign currency translation

UK 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. All exchange differences are taken to the profit and loss account.

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.

Financial instruments

The Group uses a limited number of derivative financial instruments to hedge its exposures to fluctuations in foreign exchange rates. Instruments are used to hedge a committed or probable future transaction and are not recognised until the transaction occurs. The Group's policy is not 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.

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:

Short leasehold land and buildings	Over period of lease
Motor vehicles	25% (reducing balance basis)
Fixtures and fittings	20% (reducing balance basis)
Computer equipment	20 – 25% (straight line basis)

Costs associated with the development of a new booking system are capitalised and amortised over 5 years.

Repair and maintenance costs are expensed as incurred.

Pension costs

The Group provides pensions to eligible employees through defined contribution plans. The amounts charged to the profit and loss account in respect of pension costs are the contributions payable for the year.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group are capitalised in the balance sheet and are depreciated over their useful economic lives. The capital element of future obligations under finance leases is included as a liability in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the periods of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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 car hire and ancillary services. The Group's TTV and turnover are all generated within this segment.

Geographical analysis:

	<i>TTV and Turnover (by destination and source)</i>		
	<i>2002</i>	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
By geographical area			
United Kingdom	75,147	71,759	67,365
Germany	45,927	42,530	35,029
Other countries	31,033	32,489	33,198
Joint ventures	1,648	952	560
	<u>153,755</u>	<u>147,730</u>	<u>136,152</u>
	<i>Net loss on ordinary activities before taxation</i>		
	<i>2002</i>	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
By geographical area			
United Kingdom	2,227	2,927	2,959
Germany	1,771	422	1,190
Other countries (including central costs)	(4,419)	(7,276)	(5,716)
	<u>(421)</u>	<u>(3,927)</u>	<u>(1,567)</u>
Share of operating profit of Joint ventures	178	70	9
Net interest payable	(714)	(402)	(437)
Profit/(loss) on disposal of fixed assets and discontinued operations	8	(82)	—
	<u>(949)</u>	<u>(4,341)</u>	<u>(1,995)</u>

3 Operating profit

Operating profit is stated after charging the following:

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
Staff costs (Note 6)	13,500	13,413	11,805
Operating lease rentals – equipment hire	60	56	63
– property	621	778	480
Amortisation of intangible assets	29	219	282
Depreciation – on owned tangible assets	1,842	1,364	903
– on assets held under finance leases (including hire purchase contracts)	9	36	122
Auditors' remuneration – audit services	217	214	162
– non-audit services	138	147	39

4 Exceptional items

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
Directors' compensation on loss of office	265	—	271
Funding review costs	373	—	184
Write off of old debtor balances	452	—	—
	<u>1,090</u>	<u>—</u>	<u>455</u>

Certain costs have been shown as exceptional items because they represent costs of a one off nature which distort the trend of operating costs.

In 2002, they represent the compensation for loss of office of former directors of £265,000, the one off cost of a funding review of £373,000, and the write off of some old debtor balances of £452,000.

In 2000, exceptional items included the monetary compensation for loss of office of £271,000 for two directors and funding review costs of £184,000 written off, since the directors of the Group decided the Group's interest would be best served by continuing with existing funding arrangements.

5 Net interest (payable)/receivable

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
Interest payable on bank loans and overdrafts	(754)	(579)	(504)
Interest payable on hire purchase	(7)	(14)	(34)
	<u>(761)</u>	<u>(593)</u>	<u>(538)</u>
Bank interest receivable and similar income	47	191	101
Net interest payable	<u>(714)</u>	<u>(402)</u>	<u>(437)</u>

6 Directors and employees

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
Wages and salaries	11,723	11,854	10,363
Social security costs	1,579	1,415	1,304
Other pension costs	198	144	138
	<u>13,500</u>	<u>13,413</u>	<u>11,805</u>

The average number of persons employed during the year can be split as follows:

	<i>Year ended 31 October 2002 Number</i>	<i>Year ended 31 October 2001 Number</i>	<i>Year ended 31 October 2000 Number</i>
Administration	170	170	162
Sales	70	71	64
Reservations	203	193	174
	<u>443</u>	<u>434</u>	<u>400</u>

Directors' emoluments for the year:

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
Emoluments	<u>1,023</u>	<u>877</u>	<u>1,331</u>

The emoluments of the highest paid director, Clive Jacobs, were as follows:

	<i>Year ended 31 October 2002 £</i>	<i>Year ended 31 October 2001 £</i>	<i>Year ended 31 October 2000 £</i>
Basic salary	210,850	206,000	170,000
Bonus	—	—	8,500
Benefits in kind	46,289	38,268	29,813
Pension contributions	14,901	10,300	8,500
	<u>272,040</u>	<u>254,568</u>	<u>216,813</u>

Retirement benefits are accruing to seven of the Company's directors under a defined contribution scheme. The value of Company contributions to the scheme for the directors totalled £50,000 (2001: £36,000; 2000: £36,000).

7 Taxation

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
(a) Analysis of charge/(credit) in year			
UK Corporation tax			
UK Corporation tax on profit/(loss) of the year	—	—	—
Adjustments in respect of previous periods	(156)	—	—
Sub total	(156)	—	—
Overseas tax			
Current tax	(589)	(408)	(253)
Sub-total	(589)	(408)	(253)
Total current tax	(745)	(408)	(253)
Deferred tax			
Net originating timing differences	(3)	—	—
Sub-total	(3)	—	—
Corporation tax (charge)/credit	(748)	(408)	(252)
(b) Factors affecting the current tax charge for the year			
The tax assessed for the period is higher than the standard rate of corporation tax explained below			
Profit/(loss) on ordinary before tax	(949)	(4,341)	(1,995)
Profit/(loss) on ordinary activities multiplied by the UK tax rate	(284)	(1,302)	(599)
Effect of:			
Disallowed expenses and non-taxable income	(218)	689	291
Depreciation in excess of capital allowances	(68)	(211)	—
Other differences	128	—	620
Adjustments in respect of previous periods	(239)	—	(81)
Tax losses	1,114	1,150	—
Others	312	82	22
Current tax charge for the year	745	408	23

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
(c) Factors that may affect future charges			
Recognised deferred tax consists of:			
Other timing differences	112	—	—
Tax losses	144	175	—
Total deferred tax assets	<u>256</u>	<u>175</u>	<u>—</u>
Accelerated capital allowances	291	223	—
Others	16	—	—
Total deferred tax liabilities	<u>307</u>	<u>223</u>	<u>—</u>
Undiscounted net deferred tax liability	51	48	—

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
Unprovided deferred tax consists of:			
Tax losses	2,265	1,252	409
Accelerated Capital Allowances	—	—	92
Total deferred tax assets	<u>2,265</u>	<u>1,252</u>	<u>501</u>

The Group has significant tax losses in the UK that are available for offset against future taxable profits of those companies in which the losses arose. These losses have not been recognised as they do not satisfy the recognition criteria for deferred tax assets in FRS19.

	<i>£'000</i>
(d) Provision for deferred tax	
At 1 November 1999	—
At 31 October 2000	—
Provided during 2001	48
At 31 October 2001	48
Provided during 2002	3
At 31 October 2002	<u>51</u>

8 Dividends

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
Interim paid – ‘A’ ordinary shares	205	205	205
– 8% preference shares	105	211	211
Cumulative preference dividend entitlement	106		
	416	416	416
	416	416	416

9 Intangible fixed assets

<u>Cost</u>	<i>Goodwill £'000</i>
At 1 November 1999	5,106
Additions	—
Disposals	—
Foreign exchange differences	533
At 31 October 2000	5,639
Additions	—
Disposals	(5,080)
Foreign exchange differences	10
At 31 October 2001	569
Additions	—
Disposals	—
Foreign exchange differences	5
At 31 October 2002	574
	574
<u>Accumulated amortisation</u>	
At 1 November 1999	189
Amortisation charged	282
Foreign exchange differences	9
At 31 October 2000	480
Amortisation charged	219
Disposals	(604)
Foreign exchange differences	(7)
At 31 October 2001	88
Amortisation charged	29
Foreign exchange differences	1
At 31 October 2002	118
	118
Net book amount at 31 October 2002	456
Net book amount at 31 October 2001	481
Net book amount at 31 October 2000	5,159

10 Tangible fixed assets

	<i>Short Leasehold Land and Buildings £'000</i>	<i>Motor Vehicles £'000</i>	<i>Assets in the Course of Construction £'000</i>	<i>Fixtures, Fittings and Computer Equipment £'000</i>	<i>Total £'000</i>
Cost					
At 1 November 1999	193	393	—	4,178	4,764
Additions	—	277	—	1,959	2,236
Disposals	—	(198)	—	(17)	(215)
Foreign exchange differences	—	(2)	—	(13)	(15)
At 31 October 2000	193	470	—	6,107	6,770
Additions	2,385	68	985	1,867	5,305
Disposals	(193)	(89)	—	(1,801)	(2,083)
Foreign exchange differences	—	3	—	42	45
At 31 October 2001	2,385	452	985	6,215	10,037
Additions	207	84	—	2,350	2,641
Disposals	—	(202)	—	(29)	(231)
Foreign exchange differences	—	2	—	43	45
Reclassification	—	—	(985)	985	—
At 31 October 2002	2,592	336	—	9,564	12,492
Accumulated Depreciation					
At 1 November 1999	72	115	—	2,063	2,250
Charge for the year	19	95	—	911	1,025
Disposals	—	(63)	—	(12)	(75)
Foreign exchange differences	—	3	—	17	20
At 31 October 2000	91	150	—	2,979	3,220
Charge for the year	191	80	—	1,129	1,400
Disposals	(190)	(32)	—	(1,399)	(1,621)
Foreign exchange differences	—	1	—	14	15
At 31 October 2001	92	199	—	2,723	3,014
Charge for the year	166	65	—	1,620	1,851
Disposals	—	(98)	—	(7)	(105)
Foreign exchange differences	—	—	—	26	26
At 31 October 2002	258	166	—	4,362	4,786
Net book amount					
At 31 October 2002	2,334	170	—	5,202	7,706
At 31 October 2001	2,293	253	985	3,492	7,023
At 31 October 2000	102	320	—	3,128	3,550

The net book value of assets included above which are held under finance leases and hire purchase contracts at 31 October 2002 is £75,000 (2001: £156,000; 2000: £466,000).

11 Fixed assets – investments

On 1 November 1999, the Group entered into a joint venture agreement with Imperial Holdings Limited in South Africa. The resultant joint venture undertaking Auto Holidays (Proprietary) Limited is also engaged in the provision of car rentals and is incorporated in South Africa.

	<i>Country of Operation and Incorporation</i>	<i>Ordinary Shares %</i>
Held directly		
holiday autos holdings Ltd	UK	100
Held indirectly		
holiday autos International Ltd	UK	100
holiday autos Autovermietung GmbH	Germany	100
holiday autos US Inc	USA	100
holiday autos Scandanavia AB	Sweden	100
Kemwel Holiday Autos LLC	USA	100
Kemwel Group Inc	USA	100
holiday autos holdings France SARL	France	100
holiday autos France	France	100
holiday autos (Schweiz) AG	Switzerland	100
holiday autos B.V.	Holland	100
holiday autos Australia Pty Limited	Australia	100
holiday autos Benelux SA	Belgium	100
holiday autos Italia SRL	Italy	100

All subsidiary companies are engaged in the provision of car rentals.

12 Debtors

	<i>At 31 October 2002 £'000</i>	<i>At 31 October 2001 £'000</i>	<i>At 31 October 2000 £'000</i>
Trade debtors	6,403	5,389	6,099
Other debtors	5,767	4,122	12
Prepayments and accrued income	1,369	849	1,506
Advance payments	—	—	1,684
Corporation tax receivable	204	—	—
	<u>13,743</u>	<u>10,360</u>	<u>9,301</u>

Other debtors includes market support rebates.

13 Creditors: amounts falling due within one year

	<i>At</i> <i>31 October</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2000</i> <i>£'000</i>
Secured obligations under hire purchase agreements (<i>Note 15</i>)	24	44	111
Trade creditors	4,617	9,437	6,036
Corporation tax	—	75	64
Other creditors including social security	1,771	802	1,240
Advanced payments received	2,659	2,330	2,121
Accruals and deferred income	32,685	25,187	25,078
	<u>41,756</u>	<u>37,875</u>	<u>34,650</u>

14 Creditors: amounts falling due after more than one year

	<i>At</i> <i>31 October</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2000</i> <i>£'000</i>
Secured obligations under hire purchase agreements (<i>Note 15</i>)	45	49	59
Other creditors	21	3	3
Corporation tax	172	—	—
Other loans (<i>Note 16</i>)	—	—	344
	<u>238</u>	<u>52</u>	<u>406</u>

15 Obligations under hire purchase contracts

	<i>At</i> <i>31 October</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2000</i> <i>£'000</i>
Gross obligations			
Under one year	32	50	119
In the second to fifth years inclusive	52	55	69
	<u>84</u>	<u>105</u>	<u>188</u>
Less: Amounts representing future finance charges	(15)	(12)	(18)
	<u>69</u>	<u>93</u>	<u>170</u>
Due within one year (<i>Note 13</i>)	24	44	111
Due after more than one year (<i>Note 14</i>)	45	49	59
	<u>69</u>	<u>93</u>	<u>170</u>

16 Other loans

On 17 February 1999, holiday autos US Inc., a subsidiary registered in the United States of America and wholly owned by the Company, acquired the entire share capital of Kemwel Group Inc (an entity registered in the United States of America holding 50% of the interest of the joint venture, Kemwel Holidays Autos LLC).

As part of the acquisition of the Kemwel Group Inc the vendor was paid \$1,500,000, which was payable in 48 equal monthly instalments starting March 1999. The rate of interest charged was 2.5% above American Federal Funds Rate.

	<i>At</i> <i>31 October</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2000</i> <i>£'000</i>
Amounts repayable			
In one year or less	—	—	251
In more than one year but not more than two years	—	—	251
In more than two years but not more than five years	—	—	93
	<u>—</u>	<u>—</u>	<u>595</u>
Disclosed in creditors falling due within one year	—	—	251
Disclosed in creditors falling due after more than one year	—	—	344
	<u>—</u>	<u>—</u>	<u>595</u>

17 Share capital

	<i>At</i> <i>31 October</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2000</i> <i>£'000</i>
Authorised			
'A' ordinary shares of £0.01 – Non equity	26	26	26
'B' ordinary shares of £0.01 – Equity	6	6	6
'C' ordinary shares of £0.01 – Equity	3	3	3
8% preference shares of £0.01 – Non equity	26	26	26
	<u>61</u>	<u>61</u>	<u>61</u>

	<i>At</i> <i>31 October</i> <i>2002</i> <i>No 000's</i>	<i>At</i> <i>31 October</i> <i>2001</i> <i>No 000's</i>	<i>At</i> <i>31 October</i> <i>2000</i> <i>No 000's</i>	<i>At</i> <i>31 October</i> <i>2002</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2001</i> <i>£'000</i>	<i>At</i> <i>31 October</i> <i>2000</i> <i>£'000</i>
Allotted, called up and fully paid						
'A' ordinary shares of £0.01 – Non equity	2,560	2,560	2,560	26	26	26
'B' ordinary shares of £0.01 – Equity	637	637	637	6	6	6
'C' ordinary shares of £0.01 – Equity	241	241	241	3	3	3
8% preference shares of £0.01 – Non equity	2,640	2,640	2,640	26	26	26
	<u>6,078</u>	<u>6,078</u>	<u>6,078</u>	<u>61</u>	<u>61</u>	<u>61</u>

On incorporation the authorised share capital of the Company was £1,000 divided into 1,000 ordinary shares of £1 each. On 29 July 1998 these shares were divided into 100,000 'A' ordinary shares of £0.01 and the authorised share capital increased to £61,000 as detailed above.

‘A’ Ordinary shares

The holders of ‘A’ ordinary shares are entitled to receive a fixed cumulative preferential dividend at the rate of 8% per annum on the nominal amount of shares in issue plus premium paid on subscription.

This additional dividend shall accrue from day to day and shall be paid immediately on the last day of each month after the date of issue or in respect of the first dividend from date of issue to the end of that calendar month.

The holders of ‘A’ ordinary shares shall be entitled to receive notice of and attend and speak but not to vote at all general meetings of the Company.

On liquidation of the Company, ‘A’ ordinary shareholders will rank after preference shareholders and before ‘B’ and ‘C’ shareholders.

‘B’ Ordinary shares

The holders of ‘B’ ordinary shares are not entitled to receive a dividend except on a sale or listing when the holder is entitled to a payment of dividend or return of capital, the amount of which is based on the return received by the ‘C’ ordinary shareholders and preference shareholders. The holders of ‘B’ ordinary shares are entitled to vote at all general meetings of the Company. ‘B’ ordinary shareholders rank *pari passu* with ‘C’ ordinary shareholders.

On liquidation of the Company, ‘B’ ordinary shareholders will rank after preference, ‘A’ ordinary shareholders and *pari passu* with ‘C’ shareholders.

‘C’ Ordinary shares

The holders of ‘C’ shares are entitled in respect of each successive financial year of the Company (starting with the financial year ending 31 October 2001) to a dividend of a cash sum equal to a percentage of the net profits of the Company and its subsidiary undertakings, as set out in the Articles of Association. The Directors are of the opinion that there are insufficient distributable reserves across the Group to support the payment of this dividend. The ‘C’ shares will be redeemed on a sale or listing. The holders of ‘C’ ordinary shares are entitled to attend and vote at all general meetings of the Company. ‘C’ ordinary shareholders rank *pari passu* with ‘B’ ordinary shareholders.

On liquidation of the Company, ‘C’ ordinary shareholders will rank after preference, ‘A’ ordinary shareholders and *pari passu* with ‘B’ shareholders.

Preference shares

The holders of the preference shares are entitled to receive a fixed cumulative preferential dividend at the rate of 8% per annum on the nominal amount plus any premium paid on subscription. The holders of preference shares shall be entitled to receive notice of, and to attend and speak at, but not to vote at all general meetings of the Company. The preference shares on liquidation of the Company rank above the ordinary shares. The preference shares are redeemable in two tranches: 1,000,000 on 31 October 1999 and 1,640,000 on 31 October 2000.

As at 24 March 2003 no shares have been redeemed. The holders have indicated that they do not intend to redeem the preference shares for the foreseeable future. In these circumstances the preference shareholders are entitled, by notice in writing to the Company given by the holders of a majority thereof, to require redemption of all or any of the preference shares in the event that any sum due in respect of preference shares is more than six months in arrears after the payment date shown above, irrespective of whether the Company had sufficient distributable profits or reserves out of which to pay such sum.

However at 24 March 2003 no such notice has been received by the Company. As a result of the non redemption of the shares the preference shareholders shall, while this situation persists, be entitled to vote at any general meeting of the Company. On a show of hands, each preference shareholder present in person or by proxy shall have one vote and on a poll, each preference shareholder shall have 100 votes for every preference share of which they are a holder.

18 Statement of reserves

	<i>Share Capital £'000</i>	<i>Share Premium Account £'000</i>	<i>Profit and Loss Account £'000</i>	<i>Merger Reserve £'000</i>
At 1 November 1999	61	102	(8,961)	245
Exchange differences on translation of net assets	—	—	(282)	—
Loss for year	—	—	(2,663)	—
At 31 October 2000	61	102	(11,906)	245
Exchange differences on translation of net assets	—	—	85	—
Loss for year	—	—	(5,165)	—
At 31 October 2001	61	102	(16,986)	245
Exchange differences on translation of net assets	—	—	(47)	—
Loss for year	—	—	(2,113)	—
Other appropriation added back	—	—	106	—
At 31 October 2002	61	102	(19,040)	245

The accumulated amount of goodwill charged to reserves is £8,436,000.

19 Contingent liabilities and securitisations

As at 31 October 2002 the Company had banking facilities with NatWest Bank plc secured by mortgage debentures and guarantees given to NatWest Bank plc over the assets and undertakings of the Company and the holiday autos Group of companies.

Standby letters of credit totalling £344,000 were given to one of the Company's suppliers (2001: £344,000; 2000: £344,000). A guarantee of £833,000 was given to one of the Company's suppliers (2001: £833,000; 2000: £833,000).

On 21 November 2002 the Company entered into new banking arrangements replacing NatWest Bank plc with Halifax Bank of Scotland plc.

20 Financial commitments

The Group's principal financial instruments comprise trade and other debtors, trade and other creditors, accruals and cash.

As permitted by FRS 13, Derivatives and Other Financial Instruments: Disclosures, short-term debtors and creditors have been excluded from these disclosures, other than in relation to the currency risks.

The Group has overdraft facilities at 31 October 2002. Interest is charged at a floating rate that follows LIBOR.

As a result of the significant investment in its Euro zone 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 currently, and as such the Group does not hedge against these currency risks.

The Group faces transactional exposure in respect of costs and revenues that are not denominated in the functional currency of the transacting company. The Group's policy is to hedge against part of the net currency exposure (commonly a liability) associated with expected (but not contractually committed) cash flows arising from these transactions. Forward exchange contracts entered into up to 31 January 2003 cover net foreign currency liabilities expected to arise for the period to 20 October 2003. Consequently any exchange gain/loss arising on their crystallisation is expected to be matched by a corresponding loss/gain on these net liabilities. Gains and losses on instruments used for hedging are not recognised until the hedged position is recognised.

At 31 October 2002 there were outstanding forward foreign exchange contracts, entered into in the ordinary course of business, with a sterling equivalent value of £11,357,000 (2001: £17,643,000) and, with the last expiry date of 20 December 2002.

21 Capital commitments

At 31 October 2002 there were no commitments contracted for but not provided (2001: £Nil; 2000: £2,170,000). The capital commitments in 2000 related to the new office premises in Camberley, Surrey.

22 Commitments under operating leases

At 31 October 2002 the Group is committed to making the following annual payments under operating leases which expire in the following periods:

	<i>At 31 October 2002</i>			<i>At 31 October 2001</i>			<i>At 31 October 2000</i>		
	<i>Property</i>	<i>Other</i>	<i>Total</i>	<i>Property</i>	<i>Other</i>	<i>Total</i>	<i>Property</i>	<i>Other</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Within one year	6	—	6	74	34	108	285	24	309
Between two and five years	802	94	896	724	41	765	1,451	48	1,499
After five years	102	—	102	—	—	—	2,902	—	2,902
	<u>910</u>	<u>94</u>	<u>1,004</u>	<u>798</u>	<u>75</u>	<u>873</u>	<u>4,638</u>	<u>72</u>	<u>4,710</u>

23 Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash flow from operating activities

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 October</i>	<i>31 October</i>	<i>31 October</i>	<i>31 October</i>	<i>31 October</i>
	<i>2002</i>	<i>2001</i>	<i>2001</i>	<i>2000</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
	<i>Continuing</i>	<i>Continuing</i>	<i>Discontinued</i>	<i>Continuing</i>	<i>Discontinued</i>
	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>
Group operating (loss)/profit	(243)	(1,471)	(2,386)	(940)	(627)
Depreciation charges	1,851	1,335	65	926	99
Amortisation charge	29	26	193	28	254
(Increase)/decrease in debtors	(3,351)	(855)	(272)	1,496	19
Increase/(decrease) in creditors	4,008	3,897	(379)	2,085	(1,244)
Net cash inflow/(outflow) from operating activities	<u>2,294</u>	<u>2,932</u>	<u>(2,779)</u>	<u>3,595</u>	<u>(1,499)</u>

(b) Reconciliation of net cash flow to movement in net funds

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 October</i>	<i>31 October</i>	<i>31 October</i>
	<i>2002</i>	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Decrease in cash in the year	(2,107)	(2,010)	(916)
Capital element of finance payments	79	145	290
Change in net funds from cash flows	(2,028)	(1,865)	(626)
New finance leases	(55)	(68)	(191)
Translation difference	(74)	(64)	(766)
Movements in the period	(2,157)	(1,997)	(1,583)
Net funds brought forward	3,372	5,369	6,952
Net funds carried forward	<u>1,215</u>	<u>3,372</u>	<u>5,369</u>

(c) *Analysis of net funds*

	<i>Cash at bank and in hand £'000</i>	<i>Hire Purchase and finance leases £'000</i>	<i>Total £'000</i>
As at 1 November 1999	7,025	(269)	6,756
Cash flow during the year	(916)	290	(626)
Other non cash changes	196	(191)	5
Foreign exchange differences	(766)	—	(766)
Total cash & non cash movements	(1,486)	99	(1,387)
As at 31 October 2000	5,539	(170)	5,369
Cash flow during the year	(2,010)	145	(1,865)
Other non cash changes	—	(68)	(68)
Foreign exchange differences	(64)	—	(64)
Total cash & non cash movements	(2,074)	77	(1,997)
As at 31 October 2001	3,465	(93)	3,372
Cash flow during the year	(2,107)	79	(2,028)
Other non cash changes	—	(55)	(55)
Foreign exchange differences	(74)	—	(74)
Total cash & non cash movements	(2,181)	24	(2,157)
As at 31 October 2002	1,284	(69)	1,215

24 Disposal of assets

	<i>Year ended 31 October 2002 £'000</i>	<i>Year ended 31 October 2001 £'000</i>	<i>Year ended 31 October 2000 £'000</i>
Tangible fixed assets	—	196	—
Goodwill	—	4,476	—
Net assets divested	—	4,672	—
Proceeds from sale of assets less transaction costs	—	4,742	—
Profit on disposal	—	70	—
	—	4,742	—
Satisfied by:			
Cash consideration	—	4,742	—

The assets of Kemwel Holiday Autos LLC were purchased on 6 August 2001 by Travel Services International Inc for £4,742,000.

25 Related party transactions

Clive Jacobs, the Chairman of the Group, has an interest free quasi loan. The quasi loan balance at 31 October 2002 was £330,000 (2001: £213,000; 2000: £145,000). The outstanding quasi loan balance is included in Other debtors. Clive Jacobs is required under the Purchase Agreement to repay the outstanding balance on this quasi loan prior to Completion.

Clive Jacobs is also a shareholder in holiday hotels limited, a company to which holiday autos provide certain administrative services on an arm's length basis. (Also see note 26 below).

Included in trade debtors is a receivable from holiday hotels limited of £2m, of which £1.8m is not due for payment in the next 12 months.

The Group paid to Wick Technology Ltd., which is wholly owned by J Richards, the amount of £35,000 (2001: £30,000) for the services of J Richards as a director and consultant to Holiday Autos Group Limited.

26 Subsequent events

On 21 November 2002 the Company entered into new banking arrangements as a result of which the Bank of Scotland ("BoS") replaced NatWest Bank Plc as bankers to the Group. These new arrangements increase the availability of working capital facilities to £10 million, provide forward foreign exchange facilities of up to £50 million and guarantee facilities of £1 million for a committed term to 21 November 2004. The facilities are secured by a composite guarantee and debenture given to BoS over the assets and undertakings of the Company and its three United Kingdom trading subsidiaries.

On 21 November 2002 the Company subscribed for 49,900 A ordinary shares, being 49.9% of the issued share capital, in holiday hotels limited, a company registered in the United Kingdom. Contemporaneously, Clive Jacobs granted the Company a call option over 30,100 B ordinary shares, being 30.1% of the issued share capital, in holiday hotels limited for £1 exercisable at any time up until 21 November 2012.

No other material events have occurred since the balance sheet date that would affect the opinion or understanding of the Group's activities or financial position other than as already disclosed in this financial information.

Yours faithfully

Ernst & Young LLP

PART IV

Pro Forma Financial Information on the Enlarged Group

The following is a pro forma statement of the consolidated profit and loss account of the Enlarged Group following completion of the Acquisition as if the Acquisition had taken place at 1 October 2001 and a pro forma statement of the net assets of the Enlarged Group following completion of the Acquisition as if the Acquisition had taken place as at 31 December 2002. It is based on the audited consolidated profit and loss account of lastminute.com plc for the year ended 30 September 2002 and the unaudited interim Balance Sheet of lastminute.com plc as at 31 December 2002, as set out in Part II of this document, as adjusted for the consolidated profit and loss account and consolidated balance sheet of the holiday autos group as at 31 October 2002 as set out in the accountants' report in Part III of this document, and matters set out in the notes below. The pro forma statements are prepared for illustrative purposes only to demonstrate the impact of the acquisition of the holiday autos group on the profit and loss account and the net assets of lastminute.com plc and, because of their nature, they may not give a true picture of the Enlarged Group's financial position.

PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE ENLARGED GROUP

	<i>Profit and Loss Account of lastminute.com plc for the year ending 30 September 2002 (2) £'000</i>	<i>Adjustment for Profit and Loss Account of holiday autos Group for the year ending 31 October 2002 (3) £'000</i>	<i>Adjustments⁽⁴⁾ £'000</i>	<i>Pro forma Profit & Loss Account of the Enlarged Group for the year ending 30 September 2002 £'000</i>
Total transaction value (TTV) (1)	245,971	153,755	—	399,726
Turnover				
Group and share of joint ventures	35,077	153,755	—	188,832
Less share of joint ventures	(187)	(1,648)	—	(1,835)
Group turnover	34,890	152,107	—	186,997
Cost of sales	(1,626)	(102,255)	—	(103,881)
Gross profit	33,264	49,852	—	83,116
Other income	—	92	—	92
Operating costs				
Operating costs before depreciation, amortisation and exceptional items	(40,590)	(47,387)	—	(87,977)
EBITDA (before exceptional items)	(7,326)	2,557	—	(4,769)
Depreciation	(9,781)	(1,851)	—	(11,632)
Goodwill amortisation	(18,666)	(29)	(15,272)	(33,967)
Operating exceptional items	—	(1,090)	—	(1,090)
Total operating costs	(69,037)	(50,357)	(15,272)	(134,666)
Group operating loss	(35,773)	(413)	(15,272)	(51,458)
Share of operating (loss)/profit in joint ventures associates (including goodwill amortisation)	(565)	178	—	(387)
Total operating loss: group and share of joint ventures	(36,338)	(235)	(15,272)	(51,845)
Non operating exceptional items	(3,094)	—	—	(3,094)
Loss on ordinary activities before interest and taxation	(39,432)	(235)	(15,272)	(54,939)
Net Interest receivable/(payable)	1,357	(714)	—	643
Loss on ordinary activities before taxation	(38,075)	(949)	(15,272)	(54,296)
Tax on loss on ordinary activities	(6)	(748)	—	(754)
Loss on ordinary activities after taxation	(38,081)	(1,697)	(15,272)	(55,050)
Dividends	—	(416)	—	(416)
(Loss) for the financial year and transfer from reserves	(38,081)	(2,113)	(15,272)	(55,466)

- (1) TTV does not represent statutory turnover and comprises amounts relating to each group and their respective share of their joint ventures.
- (2) The Profit and Loss Account of lastminute.com plc for the year ending 30 September 2002 has been extracted from the audited consolidated financial statements which are reproduced in Part II of this document.
- (3) The Profit and Loss Account of holiday autos group for the year ending 31 October 2002 has been extracted from the Accountants' Report set out in Part III of this document.
- (4) Goodwill amortisation has been calculated by applying the lastminute.com Group policy of amortising goodwill over four years to the approximation of goodwill calculated in footnote 3 of the Proforma Consolidated Statement of Net Assets for the Enlarged Group. This will continue to have an effect on the Enlarged Group.

PRO FORMA CONSOLIDATED STATEMENT OF NET ASSETS FOR THE ENLARGED GROUP

	<i>Net assets of lastminute.com plc as at 31 December 2002 (1) £'000</i>	<i>Adjustment for the acquisition of the net assets of the holiday autos Group as at 31 October 2002 (2) £'000</i>	<i>Adjustments (3) £'000</i>	<i>Proforma adjusted net assets of the Enlarged Group £'000</i>
Fixed assets				
Intangible assets	76,408	456	61,089	137,953
Tangible fixed assets	12,271	7,706	—	19,977
Fixed asset investments	2,816	224	—	3,040
	<u>91,495</u>	<u>8,386</u>	<u>61,089</u>	<u>160,970</u>
Current assets				
Stock	159	—	—	159
Debtors	16,431	13,743	—	30,174
Cash at bank	41,913	1,284	(6,800)	36,397
	<u>58,503</u>	<u>15,027</u>	<u>(6,800)</u>	<u>66,730</u>
Creditors: amounts falling due within one year	(49,444)	(41,756)	—	(91,200)
Net current assets/(liabilities)	<u>9,059</u>	<u>(26,729)</u>	<u>(6,800)</u>	<u>(24,470)</u>
Total assets less current liabilities	100,554	(18,343)	54,289	136,500
Creditors: amounts falling due after more than one year	(6)	(238)	—	(244)
Provision for liabilities and charges	(2,838)	(51)	—	(2,889)
Net assets/(liabilities)	<u><u>97,710</u></u>	<u><u>(18,632)</u></u>	<u><u>54,289</u></u>	<u><u>133,367</u></u>

- (1) Net assets of lastminute.com plc as at 31 December 2002 have been extracted from the unaudited interim report, which is reproduced in Part II of this document.
- (2) Net assets of the holiday autos group as at 31 October 2002 have been extracted from the Accountants' Report set out in Part III of this document.
- (3) The adjustment represents goodwill arising on acquisition, calculated as follows:

	<i>£'000</i>
Ordinary share consideration	23,657(4)
Cash proceeds from Placing	12,000(4)
Cash consideration	4,000
Estimated acquisition expenses	2,800
	<u>42,457</u>
Less: Net liabilities of holiday autos group at 31 October 2002	18,632
	<u><u>61,089</u></u>

In accordance with FRS 7, "Fair values in acquisition accounting", the fair value of the consideration at the date of the issue of the Ordinary Shares (determined by reference to the market price of Ordinary Shares at that date) and the fair value of the net assets acquired will be used in calculating the goodwill for inclusion in the lastminute.com plc accounts for the year ending 30 September 2003. These fair value adjustments have not been reflected in this unaudited pro forma statement of net assets.

The calculation of goodwill excludes the impact of holiday hotels limited, an interest in which was acquired on 21 November 2002.

- (4) Consideration has been calculated using the Ordinary Share price at the close of business on 25 March 2003 of 87 pence. The actual consideration to be included in the calculation of the goodwill arising will be based upon the market value of the Ordinary Shares on the date that they are issued.
- (5) No adjustments have been made to reflect any trading or other transactions of lastminute.com plc since 30 September 2002 or of the holiday autos group since 31 October 2002, other than as disclosed above.



Becket House
1 Lambeth Palace Road
London
SE1 7EU
27 March 2003

The Directors and Proposed Director
lastminute.com plc
4 Buckingham Gate
London
SW1E 6JP

Cazenove & Co. Ltd
12 Tokenhouse Yard
London
EC2R 7AN

Dear Sirs

We report on the pro forma financial information set out in this Part IV of the listing particulars dated 27 March 2003, which has been prepared, for illustrative purposes only, to provide information about how the Acquisition (defined in such listing particulars) might have affected the financial information presented.

Responsibility

It is the responsibility solely of the Directors and Proposed Director of lastminute.com plc to prepare the pro forma financial information in accordance with paragraph 12.29 of the Listing Rules of the UK Listing Authority (“the Listing Rules”).

It is our responsibility to form an opinion, as required by the Listing Rules, on the pro forma financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and the Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors and Proposed Director of lastminute.com plc.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of lastminute.com plc; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 12.29 of the Listing Rules of the UK Listing Authority.

Yours faithfully

Ernst & Young LLP

Part V

Additional Information

1. Responsibility Statements

- 1.1 The Directors of the Company and the Proposed Director, whose names are set out in paragraph 2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed Director (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 Collier	Non-Executive Director and Vice Chairman
Brian Collie	Non-Executive Director

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

- 2.2 The Proposed Director of lastminute.com is as follows:

Clive Jacobs	Executive Director and Vice Chairman
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The business address of the Proposed Director is Pembroke Broadway, Camberley, Surrey GU15 3XD.

- 2.3 The names of all companies and partnerships outside the lastminute.com Group of which each Director or the Proposed 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:

<i>Director</i>	<i>Company or partnership</i>
Allan Leighton	Asda Stores Limited (resigned) BHS Limited British Sky Broadcasting Group PLC Business in the Community Cannons Group plc Royal Mail Group plc Going Plural Limited Leeds United PLC Wilson Connolly Holdings Public Limited Company Scottish Power PLC (resigned) Dyson Limited Bertie Records Limited The Resultant Team Limited
Brent Hoberman	—
Martha Lane Fox	Century Leisure plc
David Howell	First Choice Holidays PLC (resigned) Nestor Healthcare Group PLC
Vimal Khosla	—

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 Yeaman Limited (resigned 2002)
Brian Collie	BAA PLC British Institute of Retailing (until 2002)
Clive Jacobs	Holiday Autos Group Limited Holiday Hotels Limited Holiday Villas Limited Broomco (2798) Limited Holiday Flights Limited (dormant) Travel Extras Limited Hire for Lower Limited (dissolved 2001) Kemwel Car Rental Limited (dissolved 2001) European Travel Publishing Limited (dissolved 1998) Measuredeal Limited (dissolved 2002) Burton Race Restaurants PLC (liquidation 2001 – resigned 1998) Auto Rentals Holdings Limited (Hong Kong) (dissolved 2001)

- 2.4 None of the Directors or the Proposed Director 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 or the Proposed Director 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.

- 4.2 The authorised and issued share capital of lastminute.com as at close of business on 26 March 2003 (the latest practicable date prior to the date of this document) is as follows:

<i>Nominal value per Share</i>	<i>Authorised No. of Shares</i>	<i>Nominal value per Share</i>	<i>Issued and fully paid No. of Shares</i>
£		£	
0.01	10,053,660,000	0.01	244,366,803

Assuming the issue of all the New Ordinary Shares in connection with the Acquisition and the Placing the number of fully paid Ordinary Shares would increase to 286,373,389.

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

- 4.4 Summary of allotments by lastminute.com:

Ordinary shares of £1 each

<i>Date</i>	<i>Number Issued</i>	<i>Consideration</i>	<i>Nature of the Issue</i>
01 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

<i>Date</i>	<i>Number Issued</i>	<i>Consideration</i>	<i>Nature of the Issue</i>
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
03 July 2000	14,600	£0.1720	Option exercise
05 July 2000	900	£0.7392	Option exercise
05 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
01 August 2000	166	£1.3300	Option exercise
09 August 2000	71,820	£0.0231	Option exercise
18 August 2000	57,000	£0.0231	Option exercise
07 September 2000	14,000	£0.0231	Option exercise
08 September 2000	6,760	£0.1720	Option exercise
29 September 2000	20,000	£0.1720	Option exercise
23 October 2000	19,700,000		Acquisition of Degriфтour Group
01 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

<i>Date</i>	<i>Number Issued</i>	<i>Consideration</i>	<i>Nature of the Issue</i>
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
06 April 2001	199,596	£0.1204	Option exercise
09 April 2001	232,558	£0.1720	Option exercise
02 May 2001	30,625	£0.0231	Option exercise
08 May 2001	7,997	£0.1720	Option exercise
08 May 2001	209,517	£0.0231	Option exercise
09 May 2001	100,000	£0.1204	Option exercise
09 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
05 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
08 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
07 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 Travelex.com Limited
17 April 2002	80,000	£0.3696	Option exercise
08 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
01 July 2002	45,000	£0.3696	Option exercise
01 July 2002	7,988	£0.7650	Option exercise
01 July 2002	16,666	£0.3300	Option exercise
04 July 2002	1,702	£0.3675	Option exercise
04 July 2002	4,727	£0.2750	Option exercise
06 August 2002	422,975	£0.1204	Option exercise
06 August 2002	434	£0.3675	Option exercise

<i>Date</i>	<i>Number Issued</i>	<i>Consideration</i>	<i>Nature of the Issue</i>
07 August 2002	1,400	£0.765	Option exercise
07 August 2002	400	£0.3675	Option exercise
22 August 2002	25,000	£0.0231	Option exercise
28 August 2002	28,000,783		Acquisition of Travelprice.com SA
04 September 2002	56,500	£0.0231	Option exercise
04 September 2002	5,000	£0.2750	Option exercise
04 September 2002	379	£0.3300	Option exercise
04 September 2002	905	£0.3500	Option exercise
04 September 2002	1,048	£0.3675	Option exercise
20 September 2002	120,000	£0.0231	Option exercise
20 September 2002	5,923	£0.3675	Option exercise
25 September 2002	579,374		Travelselect Earn-out
30 September 2002	16,000	£0.0231	Option exercise
30 September 2002	10,000	£0.1721	Option exercise
30 September 2002	302	£0.3500	Option exercise
30 September 2002	683	£0.3675	Option exercise
30 September 2002	2,002	£0.5550	Option exercise
30 September 2002	1,219	£0.7650	Option exercise
09 October 2002	41,783	£0.3500	Option exercise
21 October 2002	666	£0.3675	Option exercise
21 October 2002	1,239	£0.3925	Option exercise
30 October 2002	31,337	£0.3500	Option exercise
30 October 2002	2,150	£0.3675	Option exercise
05 November 2002	40,152	£0.2200	Option exercise
05 November 2002	1,967	£0.3500	Option exercise
05 November 2002	4,133	£0.3675	Option exercise
05 November 2002	60,000	£0.3696	Option exercise
12 November 2002	1,200	£0.3625	Option exercise
12 November 2002	1,806	£0.3675	Option exercise
20 November 2002	955,110		Acquisition of shares in eXhilaration
21 November 2002	6,000	£0.0231	Option exercise
21 November 2002	11,400	£0.1721	Option exercise
21 November 2002	1,100	£0.3625	Option exercise
21 November 2002	1,550	£0.3675	Option exercise
21 November 2002	1,497	£0.7393	Option exercise
28 November 2002	547,135		Acquisition of shares in Travelprice.com
28 November 2002	118,000	£0.0231	Option exercise
28 November 2002	6,419	£0.1721	Option exercise
28 November 2002	2,576	£0.2750	Option exercise
28 November 2002	1,870	£0.3675	Option exercise
28 November 2002	4,000	£0.7250	Option exercise
28 November 2002	1,200	£0.7400	Option exercise
03 December 2002	3,287,795		Acquisition of shares in Travelprice.com
03 December 2002	5,600	£0.2750	Option exercise
03 December 2002	5,757	£0.3675	Option exercise
03 December 2002	2,412	£0.4600	Option exercise
03 December 2002	1,995	£0.7393	Option exercise
18 December 2002	1,094,551		Acquisition of shares in Travelprice.com
18 December 2002	3,867	£0.3675	Option exercise
18 December 2002	2,928	£0.7400	Option exercise
20 December 2002	25,000	£0.0231	Option exercise
20 December 2002	20,000	£0.1721	Option exercise
20 December 2002	11,667	£0.3300	Option exercise
20 December 2002	3,034	£0.3675	Option exercise

<i>Date</i>	<i>Number Issued</i>	<i>Consideration</i>	<i>Nature of the Issue</i>
20 December 2002	1,600	£0.4850	Option exercise
20 December 2002	161,500	£0.7393	Option exercise
13 January 2003	5,321	£0.3500	Option exercise
13 January 2003	6,341	£0.3675	Option exercise
13 January 2003	6,699	£0.3925	Option exercise
13 January 2003	1,995	£0.7393	Option exercise
21 January 2003	215,311		Acquisition of shares in Travelprice.com
28 January 2003	70,395	£0.0231	Option exercise
28 January 2003	38,225	£0.0231	Option exercise
28 January 2003	506	£0.3300	Option exercise
28 January 2003	3,739	£0.3675	Option exercise
28 January 2003	4,226	£0.3675	Option exercise
28 January 2003	20,000	£0.3696	Option exercise
28 January 2003	434	£0.5950	Option exercise
28 January 2003	1,494	£0.7250	Option exercise
28 January 2003	1,407	£0.7400	Option exercise
29 January 2003	117,918		Acquisition of shares in Travelprice.com
30 January 2003	55,772		Acquisition of shares in Travelprice.com
05 February 2003	61,349		Acquisition of shares in Travelprice.com
06 February 2003	249,552		Acquisition of shares in Travelprice.com
07 February 2003	351,361		Acquisition of shares in Travelprice.com
12 February 2003	161,339		Acquisition of shares in Travelprice.com
12 February 2003	9,300	£0.2000	Option exercise
12 February 2003	8,225	£0.3675	Option exercise
12 February 2003	13,333	£0.4750	Option exercise
12 February 2003	5,700	£0.7393	Option exercise
13 February 2003	93,219		Acquisition of shares in Travelprice.com
14 February 2003	3,181	£0.2750	Option exercise
14 February 2003	12,446	£0.3675	Option exercise
14 February 2003	1,461	£0.4850	Option exercise
14 February 2003	5,415	£0.7392	Option exercise
07 March 2003	7,600	£0.2000	Option exercise
07 March 2003	1,525	£0.3675	Option exercise

4.5 At the Annual General Meeting held on 6 March 2003:

- (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 £996,880, such authority to expire on the date of the next annual general meeting or on 6 June 2004, 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 £120,731 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 next annual general meeting or on 6 June 2004, 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.

4.6 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.

- 4.7 Save as disclosed in this paragraph and in paragraph 10 of this Part V (“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.

- 4.8 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 31 March 2003 for the Placing Shares and 17 April 2003 for the Consideration Shares.

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, Cazenove & Co. Ltd. or any subsidiary thereof, (b) in accordance with Rule 144A under the Securities Act, (c) pursuant to a registration statement which has been declared effective under the Securities Act (d) in an offshore transaction in accordance with Rule 903 or 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.”

- 4.9 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.
- 4.10 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.
- 4.11 Fractions of New Ordinary Shares will not be allotted or issued.
- 4.12 None of the New Ordinary Shares have been marketed or are being made available to the public except pursuant to the Acquisition and Placing 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 V.

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 or was declared 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 specie or 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 or 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 and all other distributable reserves 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:

- (a) borrow money,
- (b) mortgage and/or charge all or any part of our business, property or assets and uncalled capital,
- (c) issue debentures and other securities, and
- (d) give security, either outright or as collateral security, for any of the Company debts, liabilities or obligations, or those of a third party
- (e) 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:

- (a) 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;
- (b) 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;
- (c) 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
- (d) 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 26 March 2003 (the latest practicable date prior to the date of this document), 18,358,321 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.

<i>Exercise Price (£)</i>	<i>Options Outstanding</i>	<i>Exercise Price (£)</i>	<i>Options Outstanding</i>
0.0231	4,731,469	0.5550	52,968
0.1204	37,217	0.5950	81,557
0.1721	397,504	0.6125	1,000,000
0.1950	520,897	0.7250	533,390
0.2000	169,491	0.7393	416,054
0.2200	340,493	0.7400	111,549
0.2750	560,731	0.7650	49,162
0.3025	134,097	0.8000	100,000
0.3150	31,746	0.8850	76,904
0.3200	208,333	0.8925	83,291
0.3300	589,864	0.9475	547,478
0.3400	1,000,000	1.0700	279,188
0.3500	704,331	1.1950	148,341
0.3625	344,457	1.3387	1,218,205
0.3675	881,323	1.3750	1,000,000
0.3690	51,085	1.3800	32,417
0.3696	826,013	1.3900	27,206
0.3925	46,573	1.5000	40,000
0.4600	37,849	1.5200	26,617
0.4750	39,400	1.8600	17,054
0.4800	754,426	1.9000	3,280
0.4850	26,592	2.0900	20,809
0.5075	49,152	2.1000	2,209
		2.1800	7,599

lastminute.com makes provision for National Insurance charges (relating to unapproved options granted to UK residents after 6 April, 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 per cent. 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 per cent. 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 per cent. 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 26 March 2003 (being the latest practical date prior to the date of this document) in so far as is known to the Company the following persons had interests of three per cent. or more of the Company's issued share capital:

<i>Shareholder</i>	<i>Number of Shares</i>	<i>Percentage of issued share capital</i>
Deutsche Bank AG	23,906,661	9.78
Cheetah International Investments Limited	17,738,065	7.26
Brent Hoberman	15,836,133	6.48
Martha Lane Fox	10,207,879	4.18
Global Retail Partners	9,371,280	3.84
Barclays PLC	7,890,813	3.23

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 Placing be interested, directly or indirectly in three per cent. or more of the enlarged share capital of lastminute.com are as follows:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Deutsche Bank AG	23,906,661	8.35
Cheetah International Investments Limited	17,738,065	6.19
Brent Hoberman	15,836,133	5.53
Clive Jacobs	11,341,835	3.96
ECI Partners LLP	10,312,796	3.60
Martha Lane Fox	10,207,879	3.56
Global Retail Partners	9,371,280	3.27
Barclays PLC	7,890,813	2.76

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 per cent. (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 per cent. 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 per cent. 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

- 9.1 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.
- 9.2 Save as disclosed in this paragraph neither holiday autos 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 holiday autos group.

holiday autos GmbH is involved in ongoing litigation with a company in the leisure car rental industry in respect of the trade mark "Holiday Autos" in Germany. That company successfully has contested a registration by holiday autos GmbH of the trademark "Holiday Autos" and holiday autos is appealing that decision. This litigation is ongoing and centres on the ownership of the trademark rather than a claim for monetary damages.

10. Material contracts

10.1 lastminute.com

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

Pursuant to the Acquisition Agreement lastminute.com will acquire the entire issued share capital of holiday autos for an initial total consideration of £39.7 million. The consideration will be satisfied in part by the issue of 27,191,771 Consideration Shares (subject to lock-up provisions for 12 months in respect of approximately 71 per cent. of the Consideration Shares and for 6 months in respect of approximately 23 per cent. of the Consideration Shares).

All Consideration Shares will be subject to orderly market restrictions for 18 months from Completion, save for 361,555 Ordinary Shares that are not subject any lock-up or orderly market restrictions.

In addition to the initial consideration, the Acquisition Agreement provides that lastminute.com will pay a fixed deferred consideration amount of £1.6 million to Clive Jacobs on the latter remaining in employment with the Group until 17 March 2004 or will be paid to Clive Jacobs if he is not so employed on 17 March 2004 if the reason for such ceasing to be employed was not due to circumstances justifying the termination of his service agreement. This fixed deferred consideration is to be satisfied, at lastminute.com's option, in Ordinary Shares or cash. Contingent deferred consideration of up to £1.7 million will be payable subject to certain performance criteria relating to holiday autos in respect of the level of TTV achieved in the year to 31 October 2003. Any contingent deferred consideration payable shall be satisfied, at lastminute.com's option, in Ordinary Shares or cash.

Certain holiday autos Shareholders (including Clive Jacobs) have given warranties that are capped at the amount that the warrantors actually receive, being £17.9 million in respect of consideration paid on Completion and additionally any deferred consideration that may become payable. All the warrantors have entered into a Tax Deed given in respect of certain tax liabilities of holiday autos. lastminute.com has agreed to pay an amount not exceeding £1 million plus VAT (if any) as a contribution to certain transaction costs of the vendors.

(ii) Placing Agreements

The cash component of the initial consideration required under the Acquisition is to be satisfied by lastminute.com Jersey from the proceeds of the Placing. The Placing Agreements require lastminute.com to allot and issue Placing Shares to persons nominated by Cazenove. Cazenove has agreed, for a fee, to place all the Placing Shares. The Placing is conditional upon Admission and Cazenove may, prior to Admission, terminate the Placing in certain circumstances, namely, following a breach of the terms of certain agreements or, following a breach of warranty given by lastminute.com under the Placing Agreement, or the occurrence of certain regulatory actions in so far as they materially limit the trading of securities on the London Stock Exchange. Cazenove and lastminute.com have each acquired one ordinary share of no par value in the capital of lastminute.com Jersey. Cazenove has further been allotted redeemable preference shares issued by lastminute.com Jersey in connection with the Placing in consideration for an undertaking by Cazenove to pay-up these redeemable preference shares upon closing of the Placing. The aggregate subscription price for the redeemable preference shares will be the total proceeds of the Placing, and the cash representing such subscription is applied by lastminute.com Jersey in payment to holiday autos shareholders as consideration under the Acquisition Agreement.

The Placing Agreements provide that lastminute.com will issue the Placing Shares to persons nominated by Cazenove in consideration of it transferring to lastminute.com all of its lastminute.com Jersey shares and redeemable preference shares.

(iii) Acquisition of Exhilaration Incentive Management Limited

Under an agreement for the acquisition of shares in Exhilaration Incentive Management Limited ("eXhilaration") dated 15 November 2002 lastminute.com acquired the entire issued share capital of eXhilaration for an initial total consideration of £1.0 million. The consideration was satisfied by the issue of 955,110 Ordinary Shares (subject to lock-up provisions for up to 12 months and orderly market restrictions).

The vendors gave certain taxation and general warranties to lastminute.com pursuant to the term of the agreement. The vendors also entered into a tax deed given in respect of certain tax liabilities of eXhilaration.

In addition to the initial consideration, lastminute.com will pay a maximum deferred consideration amount of £2.0 million dependent on the delivery of material growth for the years to 31 March 2005. The deferred consideration (if any) is to be satisfied in new shares or loan notes at lastminute.com's option.

(iv) Other material contracts

Material contracts which have been available for inspection in the two years preceding the date of this document are available for inspection in accordance with paragraph 18 of this Part V.

10.2 holiday autos

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

Under an agreement dated 6 August 2001 between Kemwel Holiday Autos LLC and holiday autos (as sellers) and Travel Services International, Inc (as Buyer) the holiday autos group disposed of the business of Kemwell Holiday Autos LLC for a consideration of £4,742,000. Historically, the US operations of the holiday autos group were conducted through Kemwel Holiday Autos LLC but it has now discontinued its operations and has sold its business assets.

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.

<i>Subsidiary Company</i>	<i>Nature of Business</i>	<i>Country of Incorporation</i>	<i>Registered office</i>	<i>Group Interest in Equity (%)</i>
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	4 Buckingham Gate London SW1E 6JP	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	4 Buckingham Gate London SW1E 6JP	100
Exhilaration Incentive Management Limited	Marketer	UK	c/o Wallis & Co., Queens Chambers, Eleanors Cross, Dunstable, Bedfordshire, LU6 1SU	100
Last Minute Network SARL	Marketer	France	54/56 boulevard Victor Hugo 93585 Saint- Ouen, France	100
Voyages sur Mesures SA	Marketer	France	54/56 boulevard Victor Hugo, 93585 Saint-Ouen, France	100
lastminute.com BV	Marketer	Netherlands	Westeinde 14, 1017 ZP, Amsterdam, Netherlands	100
lastminute.com srl	Marketer	Italy	Via Torino 63, 20123 Milan, Italy	100
lastminute.com GmbH	Marketer	Germany	Kirchenstrasse 68, 81675, Munich, Germany	100
Lastminute AB	Marketer	Sweden	Hantverkargatan 78, 112 38, Stockholm, Sweden	100
Travelprice.com SA	Marketer	France	54/56 boulevard Victor Hugo, 93585 Saint-Ouen, France	100
Travelprice Italia srl	Marketer	Italy	Via Benedetto Marcello 4, 20124, Milan, Italy	100

<i>Subsidiary Company</i>	<i>Nature of Business</i>	<i>Country of Incorporation</i>	<i>Registered office</i>	<i>Group Interest in Equity (%)</i>
Travelprice SAS	Marketer	France	54/56 boulevard Victor Hugo, 93585 Saint-Ouen, France	100
Travelprice Spain SL	Marketer	Spain	Gran Via 86, 28013, Madrid, Spain	100
Travelprice Belgium SA	Marketer	Belgium	510 Kroonlaan, 1050 Brussels, Belgium	100
lastminute.com (Pty) Limited	Marketer	South Africa	Tourvest Holdings (Proprietary) Limited (94/01594/07) Dunkeld Office Park, 6 North Road, Dunkeld West, Johannesburg, 2196, South Africa	25.1
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:

<i>Investment</i>	<i>Date</i>	<i>Cost (£'000)</i>	<i>Assets acquired</i>
Acquisition of Degri4four	30 September 2000	57,422	Shares
Acquisition of Urbanbite	13 July 2001	150	Shares
Acquisition of Travelselect.com	8 April 2002	11,150	Shares
Investment in LCC24	17 May 2002	2,383	Shares
Acquisition of The Destination Group	13 June 2002	13,874	Shares
Acquisition of Travelprice.com SA	28 August 2002	29,378	Shares
Acquisition of eXhilaration	15 November 2002	1,000	Shares

13. Directors' and Proposed Director's Service Agreements and Emoluments

13.1 The following Directors have or will 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 24 February 2000. His current basic salary is £150,000.
- (ii) Martha Lane Fox entered into a service contract with Last Minute Network Limited on 24 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 £120,000.

- (v) Clive Jacobs, will pursuant to the Acquisition Agreement, enter into a service contract with Last Minute Network Limited prior to and conditional upon completion. His basic salary will be £149,000

The service contracts for Brent Hoberman, Martha Lane Fox and David Howell are terminable upon not less than six months notice from the Directors or upon not less than six months notice from the employee. The service contract for Vimal Khosla is terminable upon not less than four months' notice from the Director or upon not less than four months notice from the employee. The service contract for Clive Jacobs is terminable upon not less than 12 months notice until 1 March 2004 and not less than 6 months notice thereafter.

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. In addition, Mr. Howell is entitled to permanent disability insurance. In addition to basic salary, Mr. Jacobs is entitled to paid holiday, company sick pay, participation in a private health scheme, life assurance and personal defined contribution pension scheme. Immediately after Completion, Mr. Jacobs will receive options over 1,000,000 lastminute.com shares at a price set at the date of grant. A bonus may be paid to each of the Directors (including Clive Jacobs) at the discretion of the Company.

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.

All Non-Executive Directors have letters of appointment from the Company. Allan Leighton receives reimbursement for reasonable expenses. Brian Collie and Bob Collier are entitled to fees at the rate of £20,000 per annum, payable quarterly but subject to a recommendation that the Director 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 of lastminute.com during the financial year ended 30 September 2002 was £574,227. The total emoluments receivable by the Directors will not be varied in consequence of the Acquisition.

14. Directors Interests

- 14.1 Save for the contracts detailed below no Director or Proposed 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.
- (i) On 8 April 2002 lastminute.com signed an agreement acquiring the entire issued share capital of Travelselect.com Limited (of which Vimal Khosla was the majority shareholder) for an initial consideration of £9.0 million, and in respect of which Vimal Khosla received £500,000, (satisfied by the issue of shares) as an initial earn out consideration on 29 September 2002. The 8 April 2002 agreement was varied on 23 September 2002 in order to better accommodate the integration of the travelselect.com business within the lastminute.com Group and to provide for a deferred consideration amount of £1.7 million payable on 31 March 2003 with an additional £800,000 payable following the determination of whether certain global flights TTV targets were surpassed.
- (ii) The contract in relation to Clive Jacobs referred to in paragraph 10 of this Part V.
- 14.2 No loans or guarantees have been granted or provided to, or for the benefit of, any of the Directors or Proposed Director by any member of the lastminute.com Group.
- 14.3 As at 25 March 2003 (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 and the Placing (a) the interests in the share capital of the Company of the Directors or Proposed Director 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 Director or Proposed Director (within the meaning of section 346 of the Companies Act), which interests, if such connected persons were Directors or Proposed Director 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 or the Proposed Director and (b) the number of Ordinary Shares held under option by the Directors and the Proposed Director under the lastminute.com Share Option Schemes, were and are expected to be as follows immediately following completion of the Acquisition and the Placing (assuming all proposed New Ordinary Shares are issued):

(a) Ordinary Shares

<i>Name</i>	<i>Number of lastminute.com Shares as at 26 March 2003</i>	<i>Percentage of issued share capital as at 26 March 2003</i>	<i>Number of Consideration Shares to be issued</i>	<i>Percentage of issued share capital immediately following the Placing and the Acquisition (1)</i>
Allan Leighton	197,273	0.08	—	0.07
Brent Hoberman	15,836,133	6.48	—	5.53
Martha Lane Fox	10,207,879	4.18	—	3.56
Vimal Khosla	6,457,423	2.64	—	2.25
Bob Collier	13,157	0.01	—	0.01
Brian Collie	19,155	0.01	—	0.01
Clive Jacobs	—	—	11,341,835	3.96

(1) The interest following the Placing and the Acquisition assumes that the shareholder does not subscribe for shares under the Placing.

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:

	<i>Exercise Price Pence</i>	<i>At 25 March 2003 Number</i>	<i>Exercisable until</i>
Executive Directors:			
Brent Hoberman	2.31	151,335	28 June 2008
	107.00	140,187	2 December 2012
Martha Lane Fox	2.31	129,675	28 June 2008
	107.00	130,841	2 December 2012
David Howell	34.00	1,000,000	3 July 2011
	48.00	19,791	1 December 2005
Vimal Khosla ⁽¹⁾	61.25	600,000	8 April 2012
Non-Executive Directors:			
Bob Collier	2.31	320,625	31 October 2008
Allan Leighton	137.50	1,000,000	7 January 2011

(1) Includes 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 Immediately following Completion, Clive Jacobs will be issued options over 1,000,000 Ordinary Shares at a price set at the date of grant.

14.5 Save as disclosed above, none of the Directors nor the Proposed Director 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 the Enlarged Group 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

- 16.1 Save as disclosed under the heading “Current Trading and Prospects” in Part I there has been no significant change in the financial or trading position of the lastminute.com Group since 31 December 2002 the date to which the latest interim financial statements of the lastminute.com Group have been published.
- 16.2 Save as disclosed under the heading “Current Trading and Prospects” in Part I and in note 26 “Subsequent events” of Part III there has been no significant change in the financial or trading position of the holiday autos group since 31 October 2002 the date to which the latest audited financial statements of the holiday autos group have been published.

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 Placing and Acquisition, which are payable by lastminute.com, are estimated to amount to approximately £2.8 million (excluding Value Added Tax, if any).
- 17.3 The Placing Shares are being issued at a price of 81 pence, representing a premium of 80 pence over the nominal value of 1 pence.
- 17.4 lastminute.com’s auditors are Ernst & Young LLP, Becket House, 1 Lambeth Palace Road, London SE1 7EU. The consolidated financial statements of lastminute.com for the three years ended 30 September 2002 have been audited by Ernst & Young LLP or its predecessor firm Ernst & Young. Such reports have all been unqualified and have been filed with the Registrar of Companies.
- 17.5 Cazenove 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 Directors and employees of Cazenove, the sponsor and financial adviser to lastminute.com, who have been advising lastminute.com hold, in aggregate, an interest in 35 lastminute.com shares.
- 17.7 Ernst & Young LLP have given and not withdrawn their written consent to the inclusion of their report and letter as set out in Parts III and IV of this document, and the references thereto, and to their name in the form context in which they appear, and have authorised the contents of those Parts of this document for the purposes of Regulation 6(1)(e) of the Financial Services & Markets Act 2000 (Official Listing of Securities) Regulations 2001.
- 17.8 The Ordinary Shares are in registered form. No temporary documents of title will be issued in relation to the New Ordinary Shares.
- 17.9 The Directors are not aware of any arrangement under which future dividends are waived or agreed to be waived.
- 17.10 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 2002 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 of 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 16 April 2003, 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 V;
- (iii) the service contracts referred to in paragraph 13 of this Part V;
- (iv) the Acquisition Agreement, and Placing Agreements;
- (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 two financial years ended 30 September 2002;
- (vii) the audited consolidated financial statements of holiday autos for the three financial years ended 31 October 2002;
- (viii) the Statement of Adjustments letter;
- (ix) the reports prepared by Ernst & Young LLP set out in Parts III and IV of this document;
- (x) the rules of the lastminute.com Share Option Schemes;
- (xi) the irrevocable undertakings to vote in favour of the resolutions at the Extraordinary General Meeting referred to in Part I of this document;
- (xii) the consent letters referred to in paragraph 17 of this Part V; and
- (xiii) this document.

27 March 2003

