

# lastminute.com

## NEWS RELEASE

For Immediate Release

5 August 2003

### QUARTER 3 FINANCIAL RESULTS

### STRONG PERFORMANCE DELIVERING OVERALL QUARTERLY PROFIT (PRE GOODWILL AMORTISATION)

Results highlights

- Customer conversion rate improved to 32.1% from 20.7% year-on-year
- Total transaction value for the Quarter grew by 147.1% year-on-year to a record £150.9m (Q3 2002: £61.0m)
- Significant organic growth in the Quarter of 50.2%
- Record forward bookings at 30 June 2003 of £61.1m (Q3 2002: £33.9m)
- Gross profit for the Quarter up 273.7% to £29.5m (Q3 2002: £7.9m)
- Gross margin for the Quarter improves to 19.5% (Q3 2002: 12.9%)
- Group EBITDA profit before exceptional items of £4.1m, up 316.7% year-on-year (Q3 2002: EBITDA loss £1.9m)
- Profit (before goodwill amortisation, exceptional items and taxation) up 141.2% year-on-year to £1.6m (Q3 2002: loss of £4.0m)
- Operating cash inflow (before exceptional items) of £4.8m for the Quarter (Q3 2002: outflow of £3.2m)

**Allan Leighton, Chairman said:**

"I am pleased to report that lastminute.com delivered significant positive EBITDA and overall trading profitability in Q3 despite a difficult trading environment still affected by Sars, war and terrorism concerns post the Iraqi conflict. Summer bookings have started strongly for the key Quarter 4 and we remain confident of a positive outcome for the full year."

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

"Substantial technology improvements were achieved in Q3 which resulted in an increase in customer conversion rates as the booking experience was further enhanced. Dynamic packaging was successfully launched in France and we continue to be pleased with its performance in the UK since its launch in November 2002. Dynamic packaging adds substantially to our overall organic growth rate of 50.2% achieved in the Quarter."

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**Financial Highlights (£'000s)**

<b>Year-on-year</b>	<b>Quarter ended 30 Jun 2003</b>	<b>Quarter ended 30 Jun 2002</b>	<b>Growth</b>
Registered subscribers at quarter end	7,500,393	5,603,890	33.8%
Cumulative unique customers since inception <sup>1</sup>	2,180,016	1,016,932	114.4%
New unique customers in the quarter	358,186	197,020	81.8%
Number of items sold in the quarter	994,361	428,765	131.9%
Total transaction value (departure based) <sup>2</sup>	£150,866	£61,044	147.1%
Total turnover (incl. share of joint ventures)	£62,564	£8,382	6.5x
Gross profit	£29,462	£7,883	273.7%
Gross margin	19.5%	12.9%	Up 6.6 percentage points
EBITDA (pre exceptional items)	£4,117	£(1,900)	Loss reversed by 316.7%
EBITDA	£2,810	£(1,900)	Loss reversed by 247.9%
Profit/(loss) before taxation (pre exceptional items and goodwill amortisation)	£1,646	£(3,997)	Loss reversed by 141.2%
Operating cash inflow/(outflow) <sup>4</sup>	£4,797	£(3,236)	Inflow up 248.2%
Net cash balance at quarter end <sup>3</sup>	£27,317	£41,512	(34.2)%
<b>Quarter-on-quarter</b>	<b>Quarter ended 30 Jun 2003</b>	<b>Quarter ended 31 Mar 2003</b>	<b>Growth</b>
Registered subscribers at quarter end	7,500,393	7,048,395	6.4%
Cumulative unique customers since inception <sup>1</sup>	2,180,016	1,821,830	19.7%
New unique customers in the quarter	358,186	303,455	18.0%
Number of items sold in the quarter	994,361	712,011	39.7%
Total transaction value (departure based) <sup>2</sup>	£150,866	£92,249	63.5%
Total turnover (incl. share of joint ventures)	£62,564	£21,195	2.0x
Gross profit	£29,462	£14,963	96.9%
Gross margin	19.5%	16.2%	Up 3.3 percentage points
EBITDA (pre exceptional items)	£4,117	£(1,731)	Loss reversed by 337.8%
EBITDA	£2,810	£(3,076)	Loss reversed by 191.4%
Profit/(loss) before taxation (pre exceptional items and goodwill amortisation)	£1,646	£(4,227)	Loss reversed by 138.9%
Operating cash inflow <sup>4</sup>	£4,797	£890	Inflow up 439.0%
Net cash balance at quarter end <sup>3</sup>	£27,317	£42,329	(35.5)%

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.

3 Includes the holiday autos group overdraft of £1.2m which is included within creditors.

4 Pre exceptional items and acquisition related liabilities.

**Enquiries:**

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High resolution photographs will be available to media at [www.vismedia.co.uk](http://www.vismedia.co.uk)

**Notes to Editors:**

**About lastminute.com**

lastminute.com operates directly in over twelve European countries and participates in four international joint ventures, providing travel and leisure inspirations and solutions. At 30 June 2003 lastminute.com had over 7.5 million subscribers to its weekly newsletter and had established over 15,300 supplier relationships.

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, car-hire, entertainment tickets, restaurant reservations and food delivery, speciality services, gifts and auctions.

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**CHAIRMAN'S STATEMENT**

I am delighted to report that lastminute.com made considerable progress in all operating metrics and delivered record performance in all areas in Quarter 3. The Group has performed exceptionally well against a difficult backdrop for the travel sector of post Sars, post Iraq and general war and terrorism related concerns.

The lastminute.com business model continues to be resilient and has proved that a strong and diverse product mix can drive significant year-on-year growth. Total Transaction Value (TTV) grew by 147% compared with Quarter 3 2002 while earnings before interest, tax, depreciation and amortisation (EBITDA) losses turned into substantial profits. A programme of acquisitions coupled with strong organic TTV growth (Q3 2003 50.2%) demonstrates that the last minute space continues to grow materially. This growth has helped deliver EBITDA (pre exceptional items) for the Quarter of £4.1m (Q3 2002: £1.9 million EBITDA loss).

The pre-Summer months that make up Quarter 3 yielded record TTV of £150.9m (Q3 2002: £61.0m). We end Quarter 3 with a record TTV order bank of £61.1m, 86% of which will unwind in Quarter 4. The gross margins attached to this TTV amounted to 19.5% in the Quarter (Q3 2002: 12.9%).

This performance confirms our belief that a goal of £1 billion TTV in the medium term is attainable.

**Subscriber numbers now in excess of 7.5 million**

The Group's subscribers increased to over 7.5 million, an uplift of 34% on the equivalent quarter of the prior year.

**Positive operating cashflow (pre exceptional items)**

The Group delivered positive operating cashflow (pre exceptional items and acquisition related liabilities) of £4.8m during the Quarter, a significant increase from the £0.9m inflow seen in the previous quarter. This improvement has been achieved through a combination of strong EBITDA and diligent cash management.

**Post acquisition performance of holiday autos**

holiday autos delivered TTV of £48.8m and a contribution towards EBITDA (pre exceptional items) of £1.4m in the Quarter. We are pleased with this performance which is in line with our expectations set at the time of the acquisition.

**Outlook**

lastminute.com continues to demonstrate the robustness of its existing model. New alliances with market leaders such as Tesco.com, Egg, Sky Active and 3 UK clearly demonstrate that our extensive investment in technology has created the market leader in the field of European e-commerce. We remain confident that we will meet our expectations of continued material growth and overall Group profitability (pre goodwill amortisation) for Quarter 4 and the year as a whole.

**Allan Leighton**  
Chairman  
5 August 2003

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## **OPERATIONAL REVIEW**

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

The number of subscribers to our newsletters and the conversion of those subscribers to customers continues to increase year-on-year. Subscribers were in excess of 7.5 million as at 30 June 2003, an increase of 34% on the previous year (Q3 2002: 5.6 million).

Customers have continued to be attracted to purchase from our websites. The cumulative number of unique customers since inception has grown by 114.4% to 2.2 million at 30 June 2003 (Q3 2002: 1.0 million).

The conversion rate increased to 32.1% at 30 June 2003, from 29.1% at 31 March 2003. This success is due to the attractiveness of our product offering as well as the ongoing technological enhancements to the website, particularly improvements to the User Interface of the key travel categories.

### **Continuing total transaction value (TTV) growth and margin quality**

We continue to experience year-on-year TTV growth thanks to our varied product base and competitive pricing. We have also improved the overall gross margin to 19.5% (Q3 2002: 12.9%) with steady sustained growth across the Group.

TTV grew by 147.1% to £150.9m (Q3 2002: £61.0m) with the UK growing by 120.6% to £85.2m and France growing by 65.8% to £26.6m. This performance has been boosted by the inclusion of holiday autos group, which has contributed Quarter 3 2003 TTV of £48.8m (32% of total Group Quarter 3 2003 TTV) and Travelprice.com in France.

As the Group ends Quarter 3 2003 we have delivered £330.2m of departure date TTV, up 147.3% from £133.5m, for the same nine-month period of 2002. Complementing this growth we have a record order bank at the end of the Quarter of £61.1m, up from £56.0m at the end of Quarter 2 2003. Over 50% of the Quarter 3 2003 order bank will have already departed by the date of this Q3 results announcement.

Record advertising and commercial revenues of £3.4m (Q3 2002 £1.5m) were achieved during the Quarter which also helped drive the gross margin up to 19.5%.

### **Continued growth from Dynamic packaging**

Breakbuilder, our bespoke Dynamic Packaging product, has now firmly embedded itself in the lastminute.com product-set and fully complements the existing range of customer experiences. During the Quarter we introduced an additional 17 new destinations and expect to be able to offer car hire, insurance and airport parking as part of this overall package in the near future.

Dynamic Packaging achieved 8.6% of UK TTV in Q3. Breakbuilder was launched in France during July 2003 at the start of the key Summer quarter. It will be further expanded both geographically and from a product perspective later in the calendar year.

### **The lastminute.com Newsletter**

We continue to adapt our marketing strategy to an ever more demanding market and to tailor our newsletters to our customers' needs. We are pleased that our efforts were recognised by the industry at the 2003 New Media Age Awards where our weekly e-mail newsletter won the 'Best Consumer Products and Services' award.

According to the judges: "With it's e-mail newsletter ...lastminute.com has struck gold. The way lastminute.com tailors the content of the newsletter to individuals' buying patterns is excellent...this is probably one of the most effective things we've seen".

### **Brand development**

By independent measurement "lastminute.com remains the clear number one online travel agency in Europe in terms of total sales"<sup>1</sup>. During June 2003 [www.lastminute.com](http://www.lastminute.com) was again placed Number One in the top 10 UK online travel agency sites<sup>2</sup>.

<sup>1</sup> PhoCusWright – April 2003

<sup>2</sup> Hitwise

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### **Strategic brand partnerships**

During the Quarter the Group continued to broaden its strategic brand partner relationships:

- **Tesco.com** - The UK's largest on-line retailer has invited lastminute.com to become their on-line travel partner. Further details of the new partnership will be announced later this month but it will offer Tesco.com customers an exciting and innovative new way to book their travel and will be promoted by Tesco.com's homepage and on-line customer communications.
- **Egg** - lastminute.com plc has reached an agreement with Egg, Europe's largest online bank, to provide a monthly online newsletter for Egg customers, based on the successful lastminute.com weekly newsletter.

The Egg newsletter will initially be sent in targeted segments to 1.3 million Egg customers out of a total of 2.7 million. It will be created and drafted by the lastminute.com creative team in conjunction with Egg. It will contain a full range of lifestyle offers supplied by lastminute.com for flights, holidays, hotels, dynamic packaging, entertainment and restaurants as well as a full range of retail offers.

The newsletter will also contain some exclusive offers only available for Egg customers. Egg card customers will get 5% cashback on all lastminute.com purchases.

- **Sky Active** – In June 2003 lastminute.com launched its service to 6.7 million Sky digital households in the UK and Ireland on Sky Active.

The new service will give all Sky digital viewers access to lastminute.com's range of products, including travel deals, theatre tickets and retail products, via Sky Active, the UK's most popular interactive television service. The lastminute.com service offers a vast range of products and services with up-to-the-minute availability and pricing on all products which viewers can browse whilst watching Sky channels.

The second phase will allow users to set up lastminute.com accounts and make purchases using their Sky remote.

- **3 UK** – In July 2003 we announced a partnership with video mobile phone company '3'. From Quarter 4 2003 lastminute.com will offer products on Third Generation mobile services using product images.

### **New Airline Partnerships**

lastminute.com has announced a new preferred partnership with another major airline, KLM. Adding to existing partnerships with premier carriers such as British Airways, Alitalia and Delta, we have signed a pan-European contract with KLM which offers flights to over 400 destinations in over 80 countries. KLM is the oldest international airline in the world.

In July we went live with Avro, the UK's leading charter flight-only operator, providing access to approximately 2 million charter seats for our customers. This provides excellent coverage to all important Summer destinations where we can mix the holiday hotels product with charter seats for customers to create their own package holiday.

### **holiday autos**

The successful acquisition of the holiday autos business has bolstered the lastminute.com portfolio immensely. holiday autos has fitted in well with the lastminute.com Group and has benefited from that relationship during the past Quarter. Our enlarged car hire division achieved record breaking TTV of over £1m in a day on July 9 2003, a milestone in their history.

holiday autos UK achieved a record month with 48,000 bookings in June 2003 and web bookings up 273% on the previous year. Records were also broken elsewhere in holiday autos with the Nordic, German and Austrian markets all exceeding previous daily booking highs.

In June 2003 holiday autos Italy signed an exclusive agreement with Volareweb, the first low cost carrier in Italy. Volareweb is part of the Volare group of companies, consisting of Volare airlines and Air Europe. They fly between 13 airports in Italy as well as to the UK, France, Germany and Spain. This complements other existing airline agreements with Virgin Express, Basiqair and Air Berlin.

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In April 2003 holiday autos signed a £140m contract with ANC (Alamo/National) for the supply of car rental product in North America and parts of Europe. This deal will realise potential volumes of 670,000 rentals, providing holiday autos with guaranteed supply in the USA and Canada for the next four years and the UK, Germany and Switzerland for the next two years.

**Ongoing development of supplier relationships and product availability**

During the Quarter the Group continued to broaden supplier relationships and product availability.

Lifestyle continues to go from strength-to-strength, especially in the UK. During Quarter 3 the UK website sold:

- 60,000 theatre tickets
- 10,500 tickets for Paul McCartney
- 8,500 Chessington World of Adventures tickets
- 4,000 tickets for Stomp
- 5,000 tickets for Les Miserables, followed by dinner at Planet Hollywood.

We also sent 700 diners to Mezzo and 600 to Bankside.

**Technological developments**

BCP (car parking) and Mondial (travel insurance) have been integrated into the shopping basket.

As planned, on 1 July 2003 Global Hotel Centralisation went live. This transition from locally resourced and contracted hotel supply to one controlled from one focal point in London will enable the Group to build stronger relationships with our suppliers and to pass on an even greater selection of good value, high quality offers to lastminute.com customers.

To accommodate the delivery of offers to up to 30,000 customers at any one time, lastminute.com has invested in data warehouse technology from Informatica. The decision to buy PowerCenter eases the gathering and analysing of data from over 15,000 suppliers and enables smoother access to the 500,000 unique visitors each day.

Our site performance improved by up to 50% over the last Quarter, delivering industry leading performance in Europe. This has been achieved by the installation of IBM Blade servers running at nearly twice the speed of our previous hardware. Performance was further enhanced by the implementation of caching technology implemented for the UK and now planned for release internationally.

We have outsourced our flights ticketing function to TRX to improve our service and further reduce costs. TRX offers a comprehensive suite of booking and processing services in 60 countries on six continents to nearly 70% of the world's top travel companies and is the global market leader in this field.

Technology developments are expected to continue to further drive down operating costs in Quarter 4 and beyond.

**lastminute.com people**

We remain committed to being a leader in our field and continue to attract the best people to work within our organisation. We are pleased to announce that the following key appointments were made in Quarter 3:

Sven Boinet joins the Board of lastminute.com plc as a non-executive director with effect from today. Sven was with the Accor Group for 15 years. During that period he was a member of the Executive Board and responsible for worldwide hotels and gaming. He was also CEO of their Leisure Division. He is currently a non executive director of Geodis - France's largest road transport company.

In May 2003 we announced that Agnès Touraine had been appointed to the Board as a non-executive director. Agnès, based in France, is a well respected and experienced businesswoman in both growth and large-scale businesses. In her last role she was Chairman and CEO of Vivendi Universal Publishing and has held a number of senior executive and consultancy positions, principally within media and publishing businesses, during her career.

Ian McCaig has been appointed Chief Operating Officer with effect from August 2003. Ian has held senior positions at Nokia, most recently as Vice President, 3G Operations, managing 500 people in seven markets.

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Liane Hornsey has been appointed Group Director of Human Resources with effect from September 2003. Liane has extensive HR experience, most recently two years at NTL where she overhauled the recruitment and reward process.

The Board would like to welcome them and wish them every success with lastminute.com.

**Brent Hoberman**  
Chief Executive Officer

**Martha Lane Fox**  
Group Managing Director  
5 August 2003

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**FINANCIAL REVIEW**

**Total transaction value (TTV), turnover and gross margin**

TTV for Quarter 3 was £150.9m (Q3 2002: £61.0m, Q2 2003: £92.2m), representing an increase of 147.1% and 63.5% over the equivalent period of the prior year and prior quarter respectively. Turnover including our share of joint ventures for the Quarter totalled £62.6m (Q3 2002: £8.4m, Q2 2003: £21.2m), increases of 645.2% and 195.3% year-on-year and quarter-on-quarter respectively. Gross profit for the Quarter was £29.5m (Q3 2002: £7.9m, Q2 2003: £15.0m) representing increases of 273.4% and 96.7% year-on-year and quarter-on-quarter respectively.

TTV for the nine months ended 30 June 2003 was £330.2m representing an increase of 147.3% over the equivalent period of the prior year (nine months ended 30 June 2002: £133.5m).

**Exceptional item - £1.3 million**

The Quarter 3 exceptional item of £1.3m relates to two areas of activity. Firstly, as previously advised, further non-core functions have been outsourced to our BPO partners with resultant redundancy costs. Secondly implementation of a part of the synergies relating to the holiday autos acquisition, identified during the pre-acquisition process, have been carried out early with the one-off costs being charged in Quarter 3 rather than Quarter 4. Our expectation is that the Quarter 4 exceptional item flagged at the time of the holiday autos acquisition of £1.5m will reduce by approximately £0.3m.

**EBITDA performance**

For the Quarter, earnings before interest, taxation, depreciation, goodwill amortisation and exceptional items have increased by 316.7% year-on-year to £4.1m. These significant improvements continue to be delivered through increased sales, improved operating margins and tight cost control.

For the nine months to 30 June 2003, the EBITDA profit (pre exceptional items) improved by 107.8% from a loss of £(10.2)m in Quarter 3 2002 to a profit of £0.8m.

**Operating profit achieved**

Excluding exceptional items and goodwill amortisation, the Group's operating profit for Quarter 3 2003 has increased by 129.3% year-on-year to £1.2m (Q3 2002: £(4.1)m). Quarter 3 2003 on Quarter 2 2003, the Group's ongoing operating loss before exceptional items and goodwill amortisation has reversed from a loss of £(5.6)m to a profit of £1.2m.

**Operating cash inflow**

During the Quarter ending 30 June 2003 the Group delivered operating cash inflow before exceptional items and acquisition related liabilities of £4.8m (Q2 2003: operating cash inflow of £0.9m, Q3 2002: operating cash outflow of £3.2m). This substantial improvement reflects strong EBITDA in the Quarter and the tight management of cash resources.

**Balance sheet**

Included within the Group's current liabilities at 30 June 2003 is an overdraft of £1.2m relating to the holiday autos business.

**David Howell**  
Chief Financial Officer  
5 August 2003

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

**Introduction**

We have been instructed by the company to review the financial information for the three and nine months ended 30 June 2003, 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.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

**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 Rule's 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 and nine months ended 30 June 2003.

Ernst & Young LLP  
London  
5 August 2003

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**Consolidated profit and loss account**

	9 months ended 30 Jun 2003	9 months ended 30 Jun 2003	9 months ended 30 Jun 2003	9 months ended 30 Jun 2002
	Before exceptional items £000	Exceptional items £000	Total £000	Total £000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Total transaction value (departure based)<sup>1</sup></b>	<b>330,194</b>	-	<b>330,194</b>	<b>133,527</b>
<b>Turnover</b>				
Group and share of joint ventures	95,517	-	<b>95,517</b>	19,920
Less: share of joint ventures	(1,580)	-	<b>(1,580)</b>	(132)
Continuing operations:				
- Ongoing	35,444	-	<b>35,444</b>	18,193
- Acquisitions	58,493	-	<b>58,493</b>	1,595
<b>Group turnover</b>	<b>93,937</b>	-	<b>93,937</b>	<b>19,788</b>
Cost of sales	38,190	-	<b>38,190</b>	1,311
<b>Gross profit</b>	<b>55,747</b>	-	<b>55,747</b>	<b>18,477</b>
<b>Operating costs</b>				
Product development	4,384	916	<b>5,300</b>	5,020
Sales and marketing	38,348	148	<b>38,496</b>	16,497
General and administration	12,205	1,588	<b>13,793</b>	7,123
<b>Operating costs before depreciation and goodwill amortisation</b>	<b>54,937</b>	<b>2,652</b>	<b>57,589</b>	<b>28,640</b>
<b>EBITDA</b>	<b>810</b>	<b>(2,652)</b>	<b>(1,842)</b>	<b>(10,163)</b>
Depreciation	7,771	-	<b>7,771</b>	6,864
Goodwill amortisation	28,879	-	<b>28,879</b>	12,060
<b>Total operating costs</b>	<b>(91,587)</b>	<b>(2,652)</b>	<b>(94,239)</b>	<b>(47,564)</b>
<b>Operating profit/(loss)</b>				
Continuing operations:				
- Ongoing	(36,702)	(2,652)	<b>(39,354)</b>	(29,231)
- Acquisitions	862	-	<b>862</b>	144
<b>Group operating loss</b>	<b>(35,840)</b>	<b>(2,652)</b>	<b>(38,492)</b>	<b>(29,087)</b>
Share of operating profit/(loss) in joint ventures	74	-	<b>74</b>	(332)
Share of operating loss in associate	(5)	-	<b>(5)</b>	(1)
Goodwill amortisation arising on the investment in an associate	(444)	-	<b>(444)</b>	-
<b>Loss on ordinary activities before interest and taxation</b>	<b>(36,215)</b>	<b>(2,652)</b>	<b>(38,867)</b>	<b>(29,420)</b>
Interest receivable	927	-	<b>927</b>	937
Interest payable and similar charges	(456)	-	<b>(456)</b>	(46)
<b>Loss on ordinary activities before taxation</b>	<b>(35,744)</b>	<b>(2,652)</b>	<b>(38,396)</b>	<b>(28,529)</b>
Tax on loss on ordinary activities	-	-	-	-
<b>Loss on ordinary activities after taxation</b>	<b>(35,744)</b>	<b>(2,652)</b>	<b>(38,396)</b>	<b>(28,529)</b>
<b>Loss per share - basic and diluted</b>	<b>(13.95)p</b>	<b>(1.03)p</b>	<b>(14.98)p</b>	<b>(15.90)p</b>
<b>Weighted number of Ordinary Shares outstanding</b>			<b>256,251,572</b>	179,457,723
<b>Loss on ordinary activities before taxation (pre goodwill amortisation) (see note 3)</b>	<b>(6,421)</b>	<b>(2,652)</b>	<b>(9,073)</b>	<b>(16,469)</b>

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

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Consolidated profit and loss account

	Quarter ended 30 Jun 2003	Quarter ended 30 Jun 2003	Quarter ended 30 Jun 2003	Quarter ended 30 Jun 2002	Quarter ended 31 Mar 2003
	Before exceptional items	Exceptional items	Total		
	£000	£000	£000	£000	£000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Total transaction value (departure based)<sup>1</sup></b>	<b>150,866</b>	-	<b>150,866</b>	<b>61,044</b>	<b>92,249</b>
<b>Turnover</b>					
Group and share of joint ventures	62,564	-	<b>62,564</b>	8,382	21,195
Less: share of joint ventures	(1,126)	-	<b>(1,126)</b>	(44)	(381)
Continuing operations:					
- Ongoing	12,681	-	<b>12,681</b>	6,743	11,328
- Acquisitions	48,757	-	<b>48,757</b>	1,595	9,486
<b>Group turnover</b>	<b>61,438</b>	-	<b>61,438</b>	<b>8,338</b>	<b>20,814</b>
Cost of sales	31,976	-	<b>31,976</b>	455	5,851
<b>Gross profit</b>	<b>29,462</b>	-	<b>29,462</b>	<b>7,883</b>	<b>14,963</b>
<b>Operating costs</b>					
Product development	835	299	<b>1,134</b>	1,932	2,506
Sales and marketing	20,471	148	<b>20,619</b>	6,015	10,729
General and administration	4,039	860	<b>4,899</b>	1,836	4,804
<b>Operating costs before depreciation and goodwill amortisation</b>	<b>25,345</b>	<b>1,307</b>	<b>26,652</b>	<b>9,783</b>	<b>18,039</b>
<b>EBITDA</b>	<b>4,117</b>	<b>(1,307)</b>	<b>2,810</b>	<b>(1,900)</b>	<b>(3,076)</b>
Depreciation	2,878	-	<b>2,878</b>	2,240	2,490
Goodwill amortisation	12,351	-	<b>12,351</b>	4,730	9,255
<b>Total operating costs</b>	<b>(40,574)</b>	<b>(1,307)</b>	<b>(41,881)</b>	<b>(16,753)</b>	<b>(29,784)</b>
<b>Operating profit/(loss)</b>					
Continuing operations:					
- Ongoing	(12,384)	(1,307)	<b>(13,691)</b>	(9,014)	(14,357)
- Acquisitions	1,272	-	<b>1,272</b>	144	(464)
<b>Group operating loss</b>	<b>(11,112)</b>	<b>(1,307)</b>	<b>(12,419)</b>	<b>(8,870)</b>	<b>(14,821)</b>
Share of operating profit/(loss) in joint ventures	454	-	<b>454</b>	(154)	(266)
Share of operating loss in associate	-	-	-	(1)	-
Goodwill amortisation arising on the investment in an associate	(148)	-	<b>(148)</b>	-	(148)
<b>Loss on ordinary activities before interest and taxation</b>	<b>(10,806)</b>	<b>(1,307)</b>	<b>(12,113)</b>	<b>(9,025)</b>	<b>(15,235)</b>
Interest receivable	358	-	<b>358</b>	314	295
Interest payable and similar charges	(405)	-	<b>(405)</b>	(16)	(35)
<b>Loss on ordinary activities before taxation</b>	<b>(10,853)</b>	<b>(1,307)</b>	<b>(12,160)</b>	<b>(8,727)</b>	<b>(14,975)</b>
Tax on loss on ordinary activities	-	-	-	-	-
<b>Loss on ordinary activities after taxation</b>	<b>(10,853)</b>	<b>(1,307)</b>	<b>(12,160)</b>	<b>(8,727)</b>	<b>(14,975)</b>
<b>Loss per share - basic and diluted</b>	<b>(3.77)p</b>	<b>(0.45)p</b>	<b>(4.22)p</b>	<b>(4.58)p</b>	<b>(6.07)p</b>
<b>Weighted number of Ordinary Shares outstanding</b>			<b>288,488,283</b>	190,622,957	246,835,901
<b>Profit/(loss) on ordinary activities before taxation (pre goodwill amortisation) (see note 3)</b>	<b>1,646</b>	<b>(1,307)</b>	<b>339</b>	<b>(3,997)</b>	<b>(5,572)</b>

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

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**Consolidated Balance Sheet**

	At 30 Jun 2003 £000 (Unaudited)	At 30 Jun 2002 £000 (Unaudited)	At 31 Mar 2003 £000 (Unaudited)	At 30 Sept 2002 £000 (Audited)
<b>FIXED ASSETS</b>				
Intangible assets	130,690	60,136	140,907	81,457
Tangible assets	18,902	11,211	19,763	12,081
Investments – joint ventures				
– gross assets	1,472	1,138	974	1,255
– gross liabilities	(556)	(335)	(512)	(396)
– total net assets	916	803	462	859
– associate	1,793	19	1,941	2,232
Total investments	2,709	822	2,403	3,091
<b>Total fixed assets</b>	<b>152,301</b>	<b>72,169</b>	<b>163,073</b>	<b>96,629</b>
<b>CURRENT ASSETS</b>				
Stock	250	59	515	75
Debtors	38,272	12,196	32,623	16,101
Cash at bank and in hand	28,554	41,512	52,334	49,617
	67,076	53,767	85,472	65,793
<b>CREDITORS: amounts falling due within one year</b>	<b>(112,009)</b>	<b>(44,285)</b>	<b>(126,777)</b>	<b>(53,690)</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<b>(44,933)</b>	<b>9,482</b>	<b>(41,305)</b>	<b>12,103</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>107,368</b>	<b>81,651</b>	<b>121,768</b>	<b>108,732</b>
<b>CREDITORS: amounts falling due after more than one year</b>	<b>-</b>	<b>(78)</b>	<b>-</b>	<b>(42)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>(1,236)</b>	<b>(757)</b>	<b>(1,236)</b>	<b>(4,114)</b>
<b>TOTAL NET ASSETS</b>	<b>106,132</b>	<b>80,816</b>	<b>120,532</b>	<b>104,576</b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	2,859	2,068	2,587	2,360
Share premium account	141,291	115,827	141,280	123,631
Shares to be issued	7,868	-	30,845	3,600
Merger reserve	123,556	81,777	100,851	99,848
Other reserves	3,304	4,115	3,305	6,439
Profit and loss account	(172,746)	(122,971)	(158,336)	(131,302)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	<b>106,132</b>	<b>80,816</b>	<b>120,532</b>	<b>104,576</b>

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**Consolidated Statement of Cash Flows**

	Quarter ended 30 Jun 2003 £000 (Unaudited)	Quarter ended 30 Jun 2002 £000 (Unaudited)	Quarter ended 31 Mar 2003 £000 (Unaudited)	9 mths ended 30 Jun 2003 £000 (Unaudited)	9 mths ended 30 Jun 2002 £000 (Unaudited)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	6,861	(2,007)	3,773	5,544	(6,042)
Cash outflow from exceptional items and acquisition related liabilities (see note 4)	(1,199)	-	(3,487)	(6,565)	-
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received	357	314	295	927	937
Interest paid and interest element of finance lease rental payments	(405)	(16)	(35)	(456)	(46)
<b>Net returns on investments and servicing of finance</b>	(48)	298	260	471	891
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Payments to acquire tangible fixed assets	(2,016)	(1,527)	(3,143)	(7,710)	(3,543)
Receipts from sale of tangible fixed assets	-	-	-	-	282
<b>NET CASH INFLOW/(OUTFLOW) BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>	3,598	(3,236)	(2,597)	(8,260)	(8,412)
<b>ACQUISITIONS</b>					
Overdraft acquired with subsidiary undertakings	-	-	(9,551)	(9,507)	-
Payments to acquire joint ventures/subsidiaries	(18,893)	(707)	(97)	(19,956)	(7,411)
Cash acquired with subsidiaries	-	10,609	-	-	10,609
<b>NET CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>	(15,295)	6,666	(12,245)	(37,723)	(5,214)
<b>MANAGEMENT OF LIQUID RESOURCES</b>					
(Increase)/decrease in short term deposits	(219)	145	(290)	(1,994)	(1,428)
<b>FINANCING</b>					
Issue of share capital	283	99	12,661	15,620	109
Repayment of capital elements of finance leases	(36)	-	(36)	(108)	-
<b>(DECREASE)/INCREASE IN CASH</b>	(15,267)	6,910	90	(24,205)	(6,533)
<b>RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS</b>					
<b>(DECREASE)/INCREASE IN CASH</b>	(15,267)	6,910	90	(24,205)	(6,533)
Cash outflow/(inflow) from short term deposits	219	(145)	290	1,994	1,428
Repayment of capital elements of finance leases	36	-	36	108	-
Changes in net funds resulting from cash flows	(15,012)	6,765	416	(22,103)	(5,105)
NET FUNDS AT THE BEGINNING OF THE PERIOD	42,329	34,747	41,913	49,420	46,617
<b>NET FUNDS AT THE END OF THE PERIOD</b>	27,317	41,512	42,329	27,317	41,512
<b>Operating cash inflow/(outflow) before exceptional items and acquisition related liabilities (see note 4)</b>	4,797	(3,236)	890	(1,695)	(8,412)

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**Notes to the Interim Results**

**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**

	Quarter ended 30 Jun 2003	Quarter ended 31 Mar 2003	Quarter ended 31 Dec 2002	Quarter ended 30 Sept 2002	Quarter ended 30 Jun 2002	Quarter ended 31 Mar 2002
Number of registered subscribers at period end	7,500,393	7,048,395	6,828,254	6,443,381	5,603,890	5,023,567
Number of customers at period end	2,180,016	1,821,830	1,518,375	1,277,887	1,016,932	819,912
Number of items sold in period	994,361	712,011	570,052	633,603	428,765	358,569
Number of suppliers at period end	15,317	15,014	14,732	14,454	15,324	10,737

**3. Reconciliation of loss on ordinary activities before taxation (pre goodwill amortisation)**

£000	Quarter ended 30 Jun 2003	Quarter ended 30 Jun 2002	Quarter ended 31 Mar 2003	9 mths ended 30 Jun 2003	9 mths ended 30 Jun 2002
Loss on ordinary activities before taxation	(12,160)	(8,727)	(14,975)	(38,396)	(28,529)
Add: goodwill amortisation (group and associate)	12,499	4,730	9,403	29,323	12,060
<b>Profit/(loss) on ordinary activities before tax (pre goodwill amortisation)</b>	<b>339</b>	<b>(3,997)</b>	<b>(5,572)</b>	<b>(9,073)</b>	<b>(16,469)</b>

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

£000	Quarter ended 30 Jun 2003	Quarter ended 30 Jun 2002	Quarter ended 31 Mar 2003	9 mths ended 30 Jun 2003	9 mths ended 30 Jun 2002
<b>Net cash inflow/(outflow) before acquisitions and management of liquid resources and financing</b>	<b>3,598</b>	<b>(3,236)</b>	<b>(2,597)</b>	<b>(8,260)</b>	<b>(8,412)</b>
Add: cash outflow from exceptional items	1,179	-	2,886	5,295	-
cash outflow from acquisition related liabilities	20	-	601	1,270	-
<b>Operating cash inflow/(outflow) (before exceptional items and acquisition related liabilities)</b>	<b>4,797</b>	<b>(3,236)</b>	<b>890</b>	<b>(1,695)</b>	<b>(8,412)</b>

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**5. Total transaction value (TTV), turnover and segmental analysis**

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

**Geographical analysis:**

	TTV (by destination and source)				Turnover (by destination and source)			
	Quarter ended 30 Jun 2003 £000	Quarter ended 30 Jun 2002 £000	9 months ended 30 Jun 2003 £000	9 months ended 30 Jun 2002 £000	Quarter ended 30 Jun 2003 £000	Quarter ended 30 Jun 2002 £000	9 months ended 30 Jun 2003 £000	9 months ended 30 Jun 2002 £000
By geographical area:								
United Kingdom	85,233	38,629	197,222	76,508	29,731	4,901	49,088	10,649
France	26,630	16,061	69,297	42,128	5,122	2,795	11,383	7,425
Germany	18,760	3,325	28,061	8,101	15,612	362	19,586	969
Italy	5,031	1,566	12,312	3,161	586	172	1,337	488
Other European Union countries	14,004	1,065	20,528	2,402	10,387	108	12,543	257
Group	<b>149,658</b>	<b>60,646</b>	<b>327,420</b>	<b>132,300</b>	<b>61,438</b>	<b>8,338</b>	<b>93,937</b>	<b>19,788</b>
Joint ventures	1,208	398	2,774	1,227	1,126	44	1,580	132
	<b>150,866</b>	<b>61,044</b>	<b>330,194</b>	<b>133,527</b>	<b>62,564</b>	<b>8,382</b>	<b>95,517</b>	<b>19,920</b>
	<b>Net profit/(loss) on ordinary activities before taxation<sup>2</sup></b>				<b>Net assets/(liabilities)<sup>2</sup></b>			
By geographical area:								
United Kingdom <sup>1</sup>	(5,190)	(4,633)	(15,767)	(12,252)	136,432	70,863		
France	(7,413)	(3,577)	(20,250)	(13,755)	(41,083)	(20,563)		
Germany	(105)	(429)	(1,445)	(1,846)	(13,282)	(9,354)		
Italy	73	(37)	49	(405)	(227)	(1,620)		
Other European Union countries	216	(194)	(1,079)	(829)	(6,971)	(844)		
	<b>(12,419)</b>	<b>(8,870)</b>	<b>(38,492)</b>	<b>(29,087)</b>	<b>74,869</b>	<b>38,482</b>		
Share of operating profit/(loss) and net assets of joint ventures	454	(155)	74	(333)	916	803		
Share of operating profit/(loss) and net assets of associate	-	-	(5)	-	1,793	19		
Amortisation of goodwill arising on the acquisition of associate	(148)	-	(444)	-				
Net interest (payable)/receivable	(47)	298	471	891				
Interest bearing assets					28,554	41,512		
	<b>(12,160)</b>	<b>(8,727)</b>	<b>(38,396)</b>	<b>(28,529)</b>	<b>106,132</b>	<b>80,816</b>		

<sup>1</sup> The UK profits/(losses) 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 business.

<sup>2</sup> Net profit/(loss) on ordinary activities before taxation for Quarter ended 30 June 2003 includes £12,499,000 of goodwill amortisation (Quarter ended 30 June 2002: £4,730,000). Net assets include £130,690,000 of goodwill (30 June 2002: £60,136,000).

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**Definitions**

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

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

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

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

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

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

The **number of customers** is the cumulative number of customers (excluding repeat customers) since the inception of lastminute.com and the cumulative number of Degri4tour, Travelselect.com, Destination Group, Travelprice.com and holiday autos' customers (excluding repeat customers) since acquisition in October 2000, April 2002, June 2002, end of July 2002 and March 2003 respectively. Customers are defined as individuals who have purchased goods and services over the Group's platforms.

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

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

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This press release may contain forward-looking statements. Expressions of future goals, including without limitation, "intend", "will", "should", "are well on track", "expect" or "continue", and similar expressions reflecting something other than historical fact are intended to identify forward looking statements. The following factors, among others, could cause lastminute.com's actual results to differ materially from those described in the forward looking statements: management of lastminute.com's rapid growth; speed of technological change, including introduction of new architecture for its web sites; systems-related failures; the ability to attract and retain qualified personnel; adverse changes in lastminute.com's relationships with airlines and other product and service providers; adverse changes in the services provided by lastminute.com's suppliers; lastminute.com's ability to attract and develop an adequate international supplier and customer base; potential adverse changes in its commission rates; the effects of increased competition; risks relating to operating internet - based commerce in foreign markets; lastminute.com's dependence on its ability to establish its brand; lastminute.com's ability to protect its domain names and other intellectual property rights; legal and regulatory risks; a slow down in the continued growth of e-commerce and the internet; unforeseen events affecting the travel industry and factors adversely affecting lastminute.com's share price. All such forward-looking statements are made in reliance on the safe harbour provision of the US Private Securities Litigation Reform Act of 1995. These and other risk factors are described in detail in lastminute.com's shareholder circular dated 8 September 2000, which has been filed with the Securities and Exchange Commission, USA and the Financial Services Authority, UK.