

lastminute.com

NEWS RELEASE

For Immediate Release

12 February 2004

QUARTER 1 2004 FINANCIAL RESULTS

Results highlights

Continued improved performance

- 68.3% increase in Total Transaction Value to £146.6 million (Q1 2003: £87.1 million)
- Number of items sold increased by 71.9% year-on-year
- 23.2% proforma organic like-for-like growth in the Quarter growing to 36.6% in January 2004
- 120.8% increase in gross profit to £25.0 million (Q1 2003: £11.3 million). Gross margin for the Quarter improved by 4.1 percentage points to 17.1% (Q1 2003: 13.0%)
- 31.2% improvement in EBITDA from a loss of £1.6 million (Q1 2003) to a loss of £1.1 million
- Quarter 1 loss per share of 1.78p (Q1 2003: loss 1.61p)
- Overall net cash balances remain strong at the end of Quarter 1 2004 at £61.3 million (Q1 2003: £41.9 million)
- Completed the acquisition of Med Hotels in the Quarter and First Option Hotel Reservations at the start of Quarter 2

Allan Leighton, Chairman said:

"The Group has continued to make significant progress in what is our seasonally weakest Quarter. We expect to see sustained improvements throughout our business as we move forward during the remainder of the financial year. The acquisition pipeline remains strong and we anticipate further activity during the coming months."

Brent Hoberman, Chief Executive, added:

"This first Quarter has again demonstrated the robustness of our model with strong organic TTV growth supplemented by acquisitions in a key product category whilst retaining industry leading customer acquisition costs. The acquisitions have substantially strengthened our hotels offering which in turn is driving a sustainable trend in gross margins. Technology continues to remain a focus for our Group in order to retain our competitive leadership and provide an ever improving experience for our customers and partners."

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Financial Highlights (£000s)

Year-on-year	Quarter ended 31 Dec 2003	Quarter ended 31 Dec 2002	Growth
Registered subscribers at quarter end	8,042,492	6,828,254	17.8 %
Cumulative unique customers since inception ¹	3,245,477	1,518,375	113.7%
New unique customers in the quarter	482,188	240,488	100.5%
Number of items sold in the quarter	979,942	570,052	71.9%
Total transaction value (departure based) ²	£146,577	£87,079	68.3%
Total turnover (incl. share of joint ventures)	£48,978	£11,758	316.6%
Gross profit	£24,998	£11,323	120.8%
Gross margin	17.1%	13.0%	Up 4.1 percentage points
EBITDA	£(1,084)	£(1,575)	Loss down 31.2%
Loss before taxation (pre exceptional items and goodwill amortisation)	£(5,294)	£(3,838)	Loss up 37.9%
Loss per share – basic (pre goodwill amortisation)	(1.78)p	(1.61)p	(10.6)%
Operating cash outflow ³	£(42,297)	£(7,383)	(472.9)%
Net cash balances at quarter end	£61,260	£41,913	46.2%
Quarter-on-quarter	Quarter ended 31 Dec 2003	Quarter ended 30 Sept 2003	Growth
Registered subscribers at quarter end	8,042,492	7,745,058	3.8 %
Cumulative unique customers since inception ¹	3,245,477	2,763,289	17.4%
New unique customers in the quarter	482,188	583,273	(17.3)%
Number of items sold in the quarter	979,942	1,197,171	(18.1)%
Total transaction value (departure based) ²	£146,577	£222,251	(34.0)%
Total turnover (incl. share of joint ventures)	£48,978	£95,188	(48.5)%
Gross profit	£24,998	£45,199	(44.7)%
Gross margin	17.1%	20.3%	Down 3.2 percentage points
EBITDA	£(1,084)	£11,793	(109.2)%
(Loss)/profit before taxation (pre exceptional items and goodwill amortisation)	£(5,294)	£6,643	(179.7)%
(Loss)/ profit per share (pre goodwill amortisation)	(1.78)p	1.46p	(221.9)%
Operating cash (outflow)/ inflow ³	£(42,297)	£15,152	(379.2)%
Net cash balances at quarter end	£61,260	£112,741	(45.7)%

1 Only includes 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 Pre exceptional items, acquisition related liabilities and bond issue costs.

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

The Quarter 1 presentation to analysts will be available for replay from 1200hrs GMT today, 12 February 2004, at www.lastminute.com/ir

Notes to Editors:

About lastminute.com

lastminute.com operates directly in thirteen European countries and participates in three international joint ventures, providing travel and leisure inspirations and solutions to customers. At 31 December 2003 lastminute.com had over 8 million subscribers to its award winning weekly newsletter and had established over 15,600 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, holidays (both self packaged and third party packages), car hire, entertainment tickets, restaurant reservations and food delivery, speciality services, gifts and auctions.

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Operational review

Business Performance

The 2004 financial year has started well and I am pleased to report that the Group has continued to make significant progress during Quarter 1 2004. Total Transaction Value (TTV) in Quarter 1 has grown by 68.3% from £87.1 million in 2003 to £146.6 million. Organic proforma like-for-like growth amounted to 23.2% in the Quarter growing to 36.6% in January 2004.

Gross margins at 17.1% for Quarter 1 2004 remain strong and have increased over Quarter 1 2003 by 4.1 percentage points. This margin enhancement has come about as a result of improved mix following the acquisition of holiday autos and additional scale in key product areas. The success of flights sales in this Quarter has diluted the overall margins compared with Quarter 4 2003.

The EBITDA loss for the Quarter at £1.1 million has reduced by 31.2% compared with the prior year loss of £1.6 million. The first quarter of the financial year is the weakest quarter due to the significant seasonality within the business. This improvement has been made despite the addition of the seasonal losses in the acquired businesses.

The overall loss before tax has increased year-on-year due to additional depreciation and additional goodwill amortisation relating to the acquired businesses.

Dynamic packaging

Dynamic packaging (the ability for the customer to create a packaged break that is unique to them), launched in the UK in November 2002, continues to show substantial growth. For the Quarter dynamic packaging sales amounted to £8.9 million which represented 6.1% of total sales. During January 2004 the UK achieved dynamic packaging sales of £4.0 million compared to £1.3 million in January 2003. During the Quarter there has been a slight shift in bookings away from short breaks towards more long haul destinations. Additionally, we have significantly expanded the flexibility of the product by incorporating car hire, insurance, car parking, tours, attractions and transfers. The acquisition of Med Hotels in December 2003 adds significant resort hotel scale, principally for the key summer period, to be mixed in conjunction with both charter and scheduled flights enabling customers to create their own summer package holidays.

Dynamic packaging was introduced in France, Italy and Spain towards the end of 2003 and in Germany in February 2004.

Customer metrics

Customer metrics have continued to show improvement in all areas. Subscribers now amount to over 8.0 million, new unique customers in the Quarter have increased by over 100% year-on-year to 482,000 and the number of items sold has increased by 71.9% to 980,000, partly reflecting the acquisition of holiday autos. The largest increase in items sold comes in the travel categories which have grown 96.8% year-on-year. Non travel items grew by 20.4% year-on-year. Overall the conversion of the subscriber base to customers since inception is now over 40%.

Marketing focus/Technology developments

We are committed to increasing both the range and availability of products to our customers and the ease with which those products can be purchased. During Quarter 1 2004, the Group has:

- signed an agreement to introduce a lastminute.com credit card in conjunction with Virgin Money and MBNA in the UK and Ego Visa in Italy
- signed strategic relationship agreements with Iberia.com, Spain's largest online flights retailer, SNCF, the French national railway and Alitalia, Italy's largest airline
- announced the development of a new lastminute.com website in Ireland, to be launched in spring 2004
- developed connectivity to two major hotel consolidators, jactravel and Worldres, which provides access to over 55,000 additional hotel properties
- introduced best practice across our European websites by standardising the backend whilst allowing for local cultural variations in the user interface for the frontend, and search facilities

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Acquisitions

In December 2003 we announced the purchase of a UK hotel consolidator and package holiday reseller, Med Hotels, for £16.1 million and in January 2004, the purchase of a specialist leading UK hotel booking agency, First Option Hotel Reservations Ltd (First Option), for £12.1 million.

These acquisitions create an opportunity for further growth in a product category where margins are good and the returns sustainable. Online hotel bookings are a category which has seen great adoption by consumers. The presence at principal UK railway stations and airports will add significantly to the overall reach of the lastminute.com brand and continues the delivery of our mission to make lastminute.com a part of people's daily lives. These acquisitions make us one of the leading players in the online hotels market in the UK with annual sales of over 4.0 million room nights.

The pipeline of potential acquisitions remains strong and the Group will continue to appraise opportunities as and when they arise. The Convertible Bond raised in September 2003 has been partially used to fund these acquisitions. £30.3 million remains available for further M&A activity.

Integration of holiday autos

The integration of holiday autos into the Group is going well with France, Italy and Spain now fully integrated and starting to deliver cost savings. The integration of the UK and Belgium will be completed by the third Quarter 2004. Overall we remain confident of delivering the £4.0 million of synergies identified at the time of the acquisition.

Further enhancement of the Executive management team

In January 2004, the Group announced the appointment of Richard Bowden-Doyle as Managing Director of its UK business. The significant growth in the Group during the previous year, both substantial organic growth and extensive acquisition activity, has created the need for a significantly expanded MD role in the UK. Richard will report to Ian McCaig the Group Chief Operating Officer.

Richard has held several senior management positions in the travel sector and joins from Thomas Cook (UK) Ltd where he was Group Development Director and Managing Director of Accoladia Ltd. Previously he was Chief Operating Officer of The Trainline.com, Managing Director of Thomson Holidays Ltd in 1996 and Marketing Director of Lunn Poly Ltd in 1993.

Outlook

Quarter 2 has started well and we anticipate overall departure based sales of approximately £160.0 million (anticipated order based sales £170.0 million) in the quarter. The recent acquisitions have a different seasonal bias to the previous lastminute.com seasonality. Overall we anticipate that we will make significant progress in all metrics during the current financial year. However, we do remain vulnerable in all our markets to acts of terrorism. We are confident that gross margins should remain steady in quarter 2 and grow in quarters 3 and 4 as the contribution of holiday autos and Med Hotels become more significant in terms of total sales.

Brent Hoberman
Chief Executive Officer
12 February 2004

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FINANCIAL REVIEW

Total transaction value (TTV), turnover and gross profit

TTV for Quarter 1 was £146.6m (Q1 2003: £87.1m), representing an increase of 68.3% over the equivalent period of the prior year. The acquisition of Med Hotels contributed £2.1 million to TTV in the Quarter. If holiday autos and eXhilaration had been consolidated during quarter 1 2003, they would have contributed £30.2 million of TTV. Consequently proforma organic growth, excluding the effect of Med Hotels, amounted to 23.2% year-on-year.

At Quarter end the forward order book amounted to £33.8 million compared with £14.7 million at the end of Quarter 1 2003. This significant increase is due to the inclusion of the forward sales from holiday autos which amounted to £11.8 million at the end of Quarter 1 2004 and the general growth in the business. holiday autos was not acquired until March 2003.

Turnover, including our share of joint ventures, for the Quarter totalled £49.0m (Q1 2003: £11.8m), an increase of 316.6% year-on-year.

Gross profit for the Quarter was £25.0m, compared with £11.3m for the equivalent period of the prior year, representing an increase of 120.8%. Gross profit margin for the Quarter was 17.1%, an increase of 4.1 percentage points year-on-year partly as a result of the acquisition of holiday autos and despite a fall of 2.1 percentage points in French margins. This fall is a consequence of the change in business mix with flights being a more significant percentage than previously. Gross profit margins will remain steady in quarter 2 and should improve in quarters 3 and 4 as holiday autos and Med Hotels become a more significant part of overall TTV.

Cost base

Operating costs before depreciation and goodwill amortisation have increased year-on-year to £26.1m (Q1 2003: £12.9m) due to the inclusion of the costs related to the acquisitions made in the last 9 months, namely holiday autos and Med Hotels.

Product development costs show a reduction of 30.1% year-on-year reflecting many of the efficiency gains made in maintaining and operating the website. During the remainder of the year product development costs will increase as the effects of the growth and the acquired businesses become more apparent.

Sales and marketing costs have increased from £7.1 million to £19.5 million. This substantial increase reflects the inclusion of a full quarter's costs relating to holiday autos, December 2003 costs relating to Med Hotels and the variable portion of the cost base relating to the significant organic growth from the lastminute.com businesses. During the second half of 2004 sales and marketing costs will benefit from the synergies being delivered from the integration of holiday autos into the lastminute.com business.

General and administration costs have increased year-on-year by 33.5% again reflecting the effect of acquisitions.

The £4.0 million synergies identified at the time of the holiday autos acquisition are now starting to come through into the cost base, especially in the area of general and administration costs. This positive effect will continue for the balance of the year. We remain confident that the £4.0 million will be delivered during this financial year.

The strength of the Euro has impacted on the translation of overseas results into Sterling. The effect of currency translation for Quarter 1 2004 compared to Quarter 1 2003 was to increase TTV for the overseas entities by approximately 10% and increase the overseas cost bases by a similar amount. As the majority of the continental European businesses are loss making at an EBITDA level in Quarter 1 the strength of the Euro has marginally increased those EBITDA losses.

EBITDA improvement

Losses before interest, taxation, depreciation and goodwill amortisation have improved to £1.1 million, a reduction of 31.2% on the Q1 2003 loss of £1.6 million. This improvement has been achieved though increased gross margins offset by the higher cost base resulting from the acquisitions made during the past 9 months. The improved EBITDA performance has also been achieved despite the seasonal losses relating to those acquired businesses. Med Hotels contributed a £0.1 million loss to the EBITDA result for the Quarter.

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Depreciation

Depreciation at £3.5 million for the Quarter has increased on the same quarter of 2003. This increase reflects the Group's commitment to a continued and sustained investment in technology in order to create competitive advantage.

Loss before tax and loss per share

The overall loss before tax has increased from £11.3 million in Quarter 1 2003 to £18.3 million in Quarter 1 2004. The increased loss reflects an additional depreciation charge of approximately £1.1 million, additional goodwill amortisation of approximately £5.6 million relating to the acquired businesses and additional interest charges relating to the Convertible Bond of £1.6 million. The loss has been reduced by approximately £0.5 million relating to the profit on the partial disposal of the investment in LCC24.com.

Loss per share declined quarter-on-quarter by 10.6% due to the additional depreciation charges relating to the investments in technology.

Operating cash flow

At 31 December 2003, the net cash position of the Group stood at £61.3 million (Q1 2003: £41.9 million). Operating cash outflow for the Quarter was £42.3 million (Q1 2003 outflow: £7.4 million). This significant increase in the outflow has been driven by the unwinding of the negative working capital impact from the acquisition of holiday autos. Normalised operating cash flow amounted to £38.5 million. In September 2003 when the Convertible Bond was issued we anticipated that approximately £11.0 million of that Bond would be used for further investments in technology projects and £4.0 million in additional marketing spend. During Quarter 1 that additional technology spend amounted to £2.5 million and is included within the overall operating cash outflow for the Quarter. Since the Bond was raised approximately £7.0 million has been invested in additional technology products. To date the additional marketing spend has not been allocated.

David Howell
Chief Financial Officer
12 February 2004

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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 months ended 31 December 2003, which comprises the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and the related notes 1 to 7. 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 2003.

Ernst & Young LLP
London
12 February 2004

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Consolidated profit and loss account

	Quarter ended 31 Dec 2003 £000s (Unaudited)	Quarter ended 31 Dec 2002 £000s (Unaudited)	Quarter ended 30 Sept 2003 £000s (Unaudited)
Total transaction value (departure based)¹	146,577	87,079	222,251
Turnover			
Group and share of joint ventures	48,978	11,758	95,188
Less: share of joint ventures	(126)	(73)	(731)
Continuing operations:			
- Ongoing	48,544	11,435	24,290
- Acquisitions	308	250	70,167
Group turnover	48,852	11,685	94,457
Cost of sales	(23,854)	(362)	(49,258)
Gross profit	24,998	11,323	45,199
Operating costs			
Product development	1,160	1,660	600
Sales and marketing	19,462	7,148	24,470
General and administration	5,460	4,090	8,336
Operating costs before depreciation and goodwill amortisation	26,082	12,898	33,406
EBITDA	(1,084)	(1,575)	11,793
Depreciation	(3,536)	(2,403)	(7,027)
Goodwill amortisation	(12,852)	(7,273)	(13,382)
Total operating costs	(42,470)	(22,574)	(53,815)
Operating profit/(loss)			
Continuing operations:			
- Ongoing	(17,323)	(11,306)	(14,377)
- Acquisitions	(149)	55	5,761
Group operating loss	(17,472)	(11,251)	(8,616)
Share of operating profit/(loss) in joint ventures	194	(113)	(258)
Share of operating loss in associate	-	(5)	-
Profit on disposal of investment in associate	491	-	-
Goodwill amortisation arising on the investment in an associate	(148)	(148)	(148)
Total operating loss: Group and share of joint ventures and associate	(16,935)	(11,517)	(9,022)
Interest receivable	276	274	475
Interest payable and similar charges	(1,635)	(16)	(766)
Loss on ordinary activities before taxation	(18,294)	(11,259)	(9,313)
Tax on loss on ordinary activities	-	-	62
Loss on ordinary activities after taxation	(18,294)	(11,259)	(9,251)
Loss per share - basic	(6.14)p	(4.72)p	(3.15)p
(Loss)/ profit per share – basic (pre goodwill amortisation)	(1.78)p	(1.61)p	1.46p
Weighted number of Ordinary Shares outstanding	298,086,945	238,310,865	293,954,684
Profit/(loss) on ordinary activities before taxation (pre goodwill amortisation) (see note 4)	(5,294)	(3,838)	4,217

¹ 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 31 Dec 2003 £000s (Unaudited)	At 31 Dec 2002 £000s (Unaudited)	At 30 Sept 2003 £000s (Audited)
FIXED ASSETS			
Intangible assets	134,385	76,408	127,018
Tangible assets	23,325	12,271	21,815
Investments			
– joint ventures			
– gross assets	1,325	1,177	1,139
– gross liabilities	(180)	(450)	(180)
– total net assets	1,145	727	959
– associate	485	2,089	1,644
Total investments	1,630	2,816	2,603
Total fixed assets	159,340	91,495	151,436
CURRENT ASSETS			
Stock	241	159	240
Debtors	46,187	16,431	38,905
Cash at bank and in hand	73,396	41,913	112,741
CREDITORS: amounts falling due within one year	119,824 (114,609)	58,503 (49,444)	151,886 (131,669)
NET CURRENT ASSETS	5,215	9,059	20,217
TOTAL ASSETS LESS CURRENT LIABILITIES	164,555	100,554	171,653
CREDITORS: amounts falling due after more than one year including convertible bond	(71,307)	(6)	(70,620)
PROVISIONS FOR LIABILITIES AND CHARGES	(2,640)	(2,838)	(3,892)
TOTAL NET ASSETS	90,608	97,710	97,141
CAPITAL AND RESERVES			
Called up share capital	2,999	2,425	2,969
Share premium account	151,775	128,330	143,805
Shares to be issued	10,595	4,600	4,095
Merger reserve	123,555	100,851	123,555
Other reserves	4,159	3,955	4,160
Profit and loss account	(202,475)	(142,451)	(181,443)
TOTAL EQUITY SHAREHOLDERS' FUNDS	90,608	97,710	97,141

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Consolidated statement of cash flows

	Quarter ended 31 Dec 2003 £000s (Unaudited)	Quarter ended 31 Dec 2002 £000s (Unaudited)	Quarter ended 30 Sept 2003 £000s (Unaudited)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(37,041)	(5,090)	23,510
Cash outflow from exceptional items and acquisition related liabilities of Travelprice.com (see note 5)	(430)	(1,879)	(1,424)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Bond issue costs	-	-	(2,076)
Interest received	276	274	298
Interest paid and interest element of finance lease rental payments	(486)	(16)	(1,168)
Net returns on investments and servicing of finance	(210)	258	(2,946)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	(5,046)	(2,551)	(7,488)
Receipts from sale of tangible fixed assets	-	-	-
NET CASH (OUTFLOW)/INFLOW BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(42,727)	(9,262)	11,652
ACQUISITIONS			
Overdraft acquired with subsidiary undertakings	-	-	175
Payments to acquire subsidiary undertakings	(12,267)	(966)	(2,050)
Cash acquired with subsidiary undertakings	2,460	44	1,163
NET CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(52,534)	(10,184)	10,940
MANAGEMENT OF LIQUID RESOURCES			
Increase in short term deposits	1,716	(1,485)	(3,575)
FINANCING			
Issue of bond	-	-	72,063
Issue of share capital	257	2,677	2,108
Repayment of capital elements of finance leases	(219)	(36)	(831)
(DECREASE)/INCREASE IN CASH	(50,780)	(9,028)	80,705
RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS			
(DECREASE)/INCREASE IN CASH	(50,780)	(9,028)	80,705
Cash inflow from issue of bond	-	-	(72,063)
Bond issue costs	-	-	2,076
Cash outflow from short term deposits	(1,716)	1,485	3,575
Repayment of capital elements of finance leases	219	36	831
Changes in net funds resulting from cash flows	(52,277)	(7,507)	15,124
New finance leases	-	-	(2,842)
Exchange difference	(186)	-	1,812
Other	75	-	-
NET FUNDS AT THE BEGINNING OF THE QUARTER	41,411	49,420	27,317
NET FUNDS AT THE END OF THE QUARTER	(10,977)	41,913	41,411
Operating cash (outflow)/inflow before exceptional items, acquisition related liabilities and bond issue costs (see note 5)	(42,297)	(7,383)	15,152

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Notes to the Preliminary 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 2003. 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 2003. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

2. Additional information

	Quarter ended 31 Dec 2003	Quarter ended 30 Sept 2003	Quarter ended 30 Jun 2003	Quarter ended 31 Mar 2003	Quarter ended 31 Dec 2002
Number of registered subscribers at period end	8,042,492	7,745,058	7,500,393	7,048,395	6,828,254
Number of customers at period end	3,245,477	2,763,289	2,180,016	1,821,830	1,518,375
Number of items sold in period	979,942	1,197,171	994,361	712,011	570,052
Number of suppliers at period end	15,632	15,514	15,317	15,014	14,732

3. Acquisitions

In December 2003, the Group acquired Med Hotels Limited for an initial consideration of £16.1 million, which was satisfied in December 2003 by the issue of 2,941,176 new ordinary shares at 272 pence each by lastminute.com and cash of £8.0 million. In addition to the initial consideration, lastminute.com will pay further consideration depending on the EBITDA performance for the years to 31 October 2003, 2004 and 2005. The additional consideration has been capped at a maximum of £6.5 million and may be satisfied either in new shares or in cash, at the option of lastminute.com. Preliminary goodwill arising on the acquisition has been assessed as £22.1 million and has been capitalised and amortised over four years. The acquisition has been included in the Group balance sheet using the acquisition method of accounting at its fair value. Net assets included within the preliminary goodwill assessment totalled £0.6 million.

4. Reconciliation of (loss)/profit on ordinary activities before taxation (pre goodwill amortisation)

£000s	Quarter ended 31 Dec 2003	Quarter ended 31 Dec 2002	Quarter ended 30 Sept 2003
Loss on ordinary activities before taxation	(18,294)	(11,259)	(9,313)
Add: goodwill amortisation (group and associate)	13,000	7,421	13,530
(Loss)/profit on ordinary activities before taxation (pre goodwill amortisation)	<u>(5,294)</u>	<u>(3,838)</u>	<u>4,217</u>

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5. Reconciliation of operating cash (outflow)/inflow (before exceptional items, acquisition related liabilities and bond issue costs)

£000s	Quarter ended 31 Dec 2003	Quarter ended 31 Dec 2002	Quarter ended 30 Sept 2003
NET CASH (OUTFLOW)/INFLOW BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(42,727)	(9,262)	11,652
Add: cash outflow from exceptional items	430	1,230	1,424
cash outflow from acquisition related liabilities	-	649	-
bond issue costs	-	-	2,076
Operating cash (outflow)/inflow (before exceptional items, acquisition related liabilities and bond issue costs)	(42,297)	(7,383)	15,152

6. a) Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

£000s	Quarter ended 31 Dec 2003	Quarter ended 31 Dec 2002	Quarter ended 30 Sept 2003
Operating loss	(17,472)	(11,251)	(8,616)
Depreciation	3,536	2,403	7,027
Goodwill amortisation – subsidiary undertakings	12,852	7,273	13,382
Net working capital movement	(35,957)	(3,515)	11,717
Net cash (outflow)/inflow from operating activities	(37,041)	(5,090)	23,510

6. b) Reconciliation of net cash to net funds

£000s	At 31 Dec 2003	At 31 Dec 2002	At 30 Sept 2003
Net cash balance at end of Quarter	61,260	41,913	112,741
Convertible Bond (included within creditors due after more than one year)	(70,390)	-	(69,264)
Finance leases	(1,847)	-	(2,066)
Net funds at end of Quarter	(10,977)	41,913	41,411

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7. 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:

£'000s	TTV (by destination and source)		Turnover (by destination and source)	
	Quarter ended 31 Dec 2003	Quarter ended 31 Dec 2002	Quarter ended 31 Dec 2003	Quarter ended 31 Dec 2002
By geographical area:				
United Kingdom	90,329	57,359	24,939	7,915
France	23,920	20,023	3,775	2,750
Germany	13,974	2,667	12,187	347
Italy	6,316	3,311	765	389
Spain	2,535	898	275	81
Other European Union countries	8,808	2,089	6,911	203
Group	145,882	86,347	48,852	11,685
Joint ventures	695	732	126	73
	146,577	87,079	48,978	11,758
	Net loss on ordinary activities before taxation ²		Net assets/(liabilities) ²	
	Quarter ended 31 Dec 2003	Quarter ended 31 Dec 2002	At 31 Dec 2003	At 31 Dec 2002
By geographical area:				
United Kingdom ¹	(9,142)	(4,392)	70,950	79,318
France	(5,980)	(6,201)	48,803	(14,300)
Germany	(430)	(544)	(14,326)	(10,452)
Italy	182	(41)	(451)	(1,775)
Spain	(167)	(116)	(1,153)	(152)
Other European Union countries	(1,935)	43	(3,868)	342
	(17,472)	(11,251)	99,955	52,981
Share of operating profit/(loss) and net assets of joint ventures	194	(113)	1,145	727
Share of operating loss and net assets of associate	-	(5)	485	2,089
Amortisation of goodwill arising on the acquisition of associate	(148)	(148)		
Profit on disposal of investment in associate	491	-		
Net interest (payable)/receivable	(1,359)	258		
Convertible bond			(70,390)	-
Interest bearing assets			59,413	41,913
	(18,294)	(11,259)	90,608	97,710

¹ The UK 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 businesses.

² Net loss on ordinary activities before taxation for the Quarter ended 31 December 2003 includes £13,000,000 of goodwill amortisation (Quarter ended 31 December 2002: £7,421,000). Net assets include £134,870,000 of goodwill (31 December 2002: £78,497,000).

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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 ("TTV") does not represent statutory turnover. Where lastminute.com acts as agent or cash collector, TTV represents the price at which products 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 products or services provided. In such cases TTV represents the flat fee commission earned. Where lastminute.com acts as principal, TTV represents the price at which goods or services are sold across the Group's various platforms.

Proforma organic growth is calculated on a quarterly basis and represents the quarter-on-quarter growth in total businesses, excluding businesses acquired since 30 September 2003, compared to proforma like-for-like TTV for the prior year.

Turnover represents the aggregate amount of revenue from products sold and is stated exclusive of recoverable VAT and associated taxes. Where the Group acts as agent and does not take ownership of the products or services being sold, turnover represents commission earned less amounts due or paid on any commission shared. Where the Group acts as principal and purchases the products or services for resale, turnover represents the price at which the products or services have been sold across the Group's various platforms. Turnover also includes advertising and sponsorship income which is recognised over the period to which it relates. Travel turnover is recognised on the date of departure.

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, holiday autos' and Med Hotels' customers (excluding repeat customers) since acquisition in October 2000, April 2002, June 2002, July 2002, March 2003 and December 2003 respectively. Customers are defined as individuals who have purchased goods and services over lastminute.com's platforms.

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

The **number of suppliers** includes individual airlines, hotels, holiday package suppliers, 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.