

lastminute.com

NEWS RELEASE

For Immediate Release

13 May 2004

STRONG QUARTER WITH CONTINUING GROWTH

lastminute.com today announces Quarter 2 2004 and interim results for the period ending 31 March 2004

- 93.9% increase in Total Transaction Value to £178.8 million (Q2 2003: £92.2 million)
- 36.2% proforma organic like-for-like growth in Quarter 2 (Q1 2004: 23.2%)
- 106.8% increase in gross profit to £30.9 million (Q2 2003: £15.0 million)
- Gross margin for the Quarter improved by 1.1 percentage points to 17.3% (Q2 2003: 16.2% Q1 2004: 17.1%)
- 51.4% improvement in EBITDA from a loss of £3.1 million (Q2 2003) to a loss of £1.5 million
- Quarter 2 loss per share of 7.03p (Q2 2003: loss 6.07p)
- Overall net cash balances remain strong at the end of Quarter 2 2004 at £52.5 million (Q2 2003: £42.3 million)
- Completed the acquisition of First Option and Gemstone Travel in the Quarter and Online Travel Corporation at the start of Quarter 3

Brent Hoberman, Chief Executive Officer, said:

“lastminute.com has continued to make significant progress during Quarter 2 especially in the overall improvement in gross margins. Strong organic like-for-like growth of 36.2% has been supplemented by key acquisitions in strong gross margin product categories. Industry trends, particularly the offline to online share shift seen in this Quarter, continue to move in our favour. Overall we remain confident of delivering a further year of substantially improved financial metrics.”

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Quarter 2 2004 Results

Financial Highlights (£'000s)

Year-on-year	Quarter ended 31 Mar 2004	Quarter ended 31 Mar 2003	Growth
Registered subscribers at quarter end	8,336,186	7,048,395	18.3%
Cumulative unique customers since inception ¹	3,754,856	1,821,830	106.1%
New unique customers in the quarter	509,379	303,455	67.9%
Number of items sold in the quarter	1,423,053	712,011	99.9%
Total transaction value (departure based) ²	£178,831	£92,249	93.9%
Total turnover (incl. share of joint ventures)	£62,558	£21,195	195.2%
Gross profit	£30,938	£14,963	106.8%
Gross margin	17.3%	16.2%	Up 1.1 percentage points
EBITDA (pre exceptional items)	£(1,494)	£(1,731)	Loss down 13.7%
EBITDA	£(1,494)	£(3,076)	Loss down 51.4%
Loss before taxation (pre goodwill amortisation)	£(6,555)	£(5,572)	Loss up 17.6%
Loss per share	(7.03)p	(6.07)p	Loss up 15.8%
Operating cash inflow ³	£414	£890	Inflow down 53.5%
Net cash balances at quarter end	£52,471	£42,329	24.0%
Quarter-on-quarter	Quarter ended 31 Mar 2004	Quarter ended 31 Dec 2003	Growth
Registered subscribers at quarter end	8,336,186	8,042,492	3.7%
Cumulative unique customers since inception ¹	3,754,856	3,245,477	15.7%
New unique customers in the quarter	509,379	482,188	5.6%
Number of items sold in the quarter	1,423,053	979,942	45.2%
Total transaction value (departure based) ²	£178,831	£146,577	22.0%
Total turnover (incl. share of joint ventures)	£62,558	£48,978	27.7%
Gross profit	£30,938	£24,998	23.8%
Gross margin	17.3%	17.1%	Up 0.2 percentage points
EBITDA (pre exceptional items)	£(1,494)	£(1,084)	Loss up 37.8%
EBITDA	£(1,494)	£(1,084)	Loss up 37.8%
Loss before taxation (pre goodwill amortisation)	£(6,555)	£(5,294)	Loss up 23.8%
Loss per share	(7.03)p	(6.14)p	Loss up 14.5%
Operating cash inflow/(outflow) ³	£414	£(42,297)	Inflow up 101.0%
Net cash balances at quarter end	£52,471	£61,260	(14.3)%

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 Pre exceptional items and acquisition related liabilities.

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

An analyst presentation will take place at 9:30am this morning at the offices of Gavin Anderson & Company

The Quarter 2 presentation to analysts will be available for replay from 14.30 GMT today, 13 May 2004, at www.lastminute.com/ir

Notes to Editors:

About lastminute.com

lastminute.com, Europe's leading online independent travel and leisure group, operates directly in thirteen European countries and participates in three international joint ventures, providing travel and leisure inspirations and solutions to customers. At 31 March 2004 lastminute.com had over 8.3 million subscribers to its weekly newsletter and had established over 16,900 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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CHAIRMAN'S STATEMENT

Business Performance

I am pleased to report that the Group has continued to experience strong growth during Quarter 2 2004. Departure based Total Transaction Value (TTV) for Quarter 2 has almost doubled year-on-year, increasing by 93.9% from £92.2 million in 2003 to £178.8 million in 2004. Organic like-for-like departure based TTV growth has increased by 36.2% during the Quarter, compared with 23.2% in Quarter 1 2004. The forward order bank remains very strong at £80.4 million, all of which will be recognised before 30 September 2004. The order bank has grown significantly during the Quarter as a consequence of extremely strong order based TTV.

During the Quarter the Group has achieved gross margins of 17.3% compared to 16.2% in the equivalent period of last year, an improvement of 1.1% and 0.2% higher than the reported margins in Quarter 1 2004 of 17.1%.

The EBITDA loss for the period of £1.5 million has reduced by 51.4% compared with the prior year loss of £3.1 million. This improvement in EBITDA is despite the strong order bank, which has resulted in certain costs, such as fulfilment, credit card fees and call centre costs being incurred in advance of the revenue being recognised. It has also reduced despite the prior year acquisition of a number of businesses that were EBITDA negative during this Quarter.

The Group has generated operating cash inflow, before exceptional items, of £0.4 million for Quarter 2 2004 compared with £0.9 million for Quarter 2 2003. This is a substantial improvement from the previous Quarter's seasonally high cash outflow of £42.3 million.

Acquisitions

We continue to search for relevant acquisitions to accelerate growth using the proceeds from the Convertible Bond raised in September 2003. I am pleased to report on three significant transactions during the Quarter. These all fitted our criteria of developing the product offering in a particular category or country and of being immediately earnings enhancing.

First Option Reservations Limited (First Option)

In January 2004 we completed the acquisition of First Option for £12.1 million. First Option is a reseller of hotel rooms through both a call centre based in Stockport and retail outlets based in UK mainline railway stations and airports. This acquisition adds materially to the overall hotel category sold through the website.

Online Travel Corporation (OTC)

In March 2004 we announced the terms of a recommended share offer to acquire the whole of the issued and to be issued share capital of Online Travel Corporation (OTC) for approximately £54.9 million. The addition of OTC's established corporate and white label operations to lastminute.com's leading branded consumer businesses will create an even more powerful force in the European online travel and leisure sector. The acquisition completed at the end of April 2004.

This acquisition strengthens lastminute.com's position as the UK's leading independent online travel and leisure group and provides lastminute.com with access to a wider, more comprehensive choice of travel options including flights, hotels and holidays. The acquisition is expected to be earnings enhancing (before exceptional items and goodwill amortisation) in the current financial year. The elimination of duplicate functions, increased operating efficiencies and an improvement in OTC's gross margin through increased scale are expected to generate annualised operating synergies of at least £4.0 million in the financial year to 30 September 2005.

Gemstone Travel Limited

In March 2004 we announced the acquisition of Gemstone Travel Limited for £1.5 million. Gemstone is a reseller of package holidays and charter flights mainly through a call centre based in Surrey. This business will be amalgamated with Med Hotels which was acquired in December 2003.

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Board changes

Clive Jacobs, who joined us as Vice Chairman, following the acquisition of holiday autos in March 2003, will be stepping down from his role at the end of June 2004. I would like to take this opportunity on behalf of the Board to thank Clive for his valuable contribution to the Group.

Management changes

I am pleased to announce that with effect from 1 August, Vince Bourke will be joining us as Global Operations Director. Previously Vince was one of the founding Directors and Operations Director at Opodo where he developed an extremely efficient back-end booking process for flights. I am sure he will contribute to the development of the Operations area of lastminute.com.

Outlook

We anticipate that departure based TTV for Quarter 3 will be in a range of £250.0 million to £280.0 million (this range includes the contribution we expect from Online Travel Corporation where we will benefit from a full quarter's revenue). We further anticipate that the order bank will grow by some £10.0 million at the end of Quarter 3 as we move into the stronger part of the financial year.

Looking further ahead, the indications are that there will be excess capacity in the market as we move towards the key summer quarter and that the demand for late travel will remain strong. For example, trading for the month of April has been generally weak across the majority of the travel industry as customers continue the trend towards later booking. These changes, coupled with the technology and supply improvements made during the year, gives us confidence that Quarter 4, lastminute.com's strongest quarter, will show material improvement over the equivalent period of last year. Overall we remain confident of delivering a further year of substantially improved financial metrics in all areas.

Allan Leighton
Chairman
13 May 2004

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OPERATIONAL REVIEW

Customer metrics

Further Growth in subscribers, customers and improved conversion

Subscriber numbers to the weekly newsletter continue to grow year-on-year increasing by 18.3% from 7.0 million at the end of Quarter 2 2003 to 8.3 million at 31 March 2004.

Overall unique customers have grown from 0.3 million in Quarter 2 2003 to 0.5 million in Quarter 2 2004. The customer repeat metric remains constant at 30% within a quarter.

Conversion of the weekly subscriber list to customers is now 45.0% compared with 29.1% in the same period last year. Customer satisfaction levels continue to improve. During the month of March 2004, 96% of users booking a holiday using Dynamic Packaging said they will either repeat their purchase or recommend us to a friend.

Dynamic Packaging

Dynamic packaging continues to demonstrate significant growth in the first half year of 2004 delivering total TTV of £13.5 million in the Quarter, compared to £5.3 million in the same period last year. During Quarter 2 2004 lastminute.com has continued to expand the choice available to customers and the flexibility of the dynamic packaging model by expanding the product range and the geographic reach.

- we have implemented a direct link to Eurostar's sales inventory during March 2004 thus providing access to real time ticket availability and pricing. This enables customers to search for even more comprehensive travel options between London and Paris or Brussels
- the hotel portfolio within dynamic packaging has been significantly expanded by integrating Med Hotels, Boscolo and Jac products, thus providing more breadth and depth to the hotel range, particularly for resort based hotels
- tours and transfers are now available within dynamic packaging following the integration of Viator products
- pre-packaged entertainment, theatre and restaurants packages have been introduced using dynamic packaging technology
- dynamic packaging is now available in the holiday search

Dynamic packaging now incorporates scheduled flights, charter flights, hotels, car hire, travel insurance, airport car parking, tours and certain city based transfers.

Re-branding First Option

During Quarter 2 2004, lastminute.com acquired First Option Hotel Reservations Limited, a specialist leading UK hotel booking agency, for £12.1 million. In addition to the corporate booking business First Option has physical presence at 21 locations principally in UK mainline railway stations and airports. Five high visibility outlets were re-branded as lastminute.com e-Shops during March 2004 which will continue to enhance the Group's brand awareness in the UK for a very low cost. The remaining 16 outlets will also be re-branded during Quarter 3. We continue to look to extend the number of retail outlets into other high volume UK railway stations and airports during the remainder of the financial year.

Integration of Acquisitions

lastminute.com has continued the integration of the holiday autos business across a number of functions. By the end of Quarter 2, 2004 we had successfully integrated product, supply and finance functions in each country. We are confident that the 2004 financial year will benefit by at least £4.0 million from the synergies announced at the time of the acquisition.

During Quarter 3 2004 the hotel contracting functions of Global Hotels, holiday hotels and Med Hotels will be integrated and brought under a single management structure. This will enable lastminute.com to exploit the Group's hotel contracting expertise and deliver a much larger, more efficient function and which has better relationships and leverage with hoteliers.

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Technological developments

During the past year the main technology emphasis has been to deliver a flexible, economically scaleable platform and to make the website faster and more simple to use for customers.

In addition to the faster speed of web page loading, the page weight has been reduced thus improving the whole customer experience. The site is also more resilient and content management is facilitated.

During Quarter 2 2004 a voice recognition Customer Relationship Manager system was introduced which broadens the Company's self service offerings to provide customers with convenient, quick and easy access to booking information via the web or via the telephone.

In addition, lastminute.com has focussed on a number of connectivity projects that will provide direct access to suppliers available stock in real time.

Other Commercial initiatives

In April 2004 lastminute.com and Virgin Money launched an exclusive credit card arrangement that was marketed to over 2.8 million lastminute.com UK subscribers. The advantages for Virgin Money and lastminute.com include access to shared resources, increased customer loyalty and the opportunity to attract new customers.

During March 2004, lastminute.com has extended its cross promotion initiative with a UK rail retailer, TheTrainline, to become their exclusive hotel distributor, providing customers booking train tickets with lastminute.com hotel offers matching their destination and travel dates. The partnership with lastminute.com also enables TheTrainline to extend its travel and leisure offer by providing a white label booking engine on the site for hotel and entertainment offers.

Additionally, lastminute.com has entered into many other white label agreements to provide travel and leisure websites to third parties. Successes to date have, in particular, been in the airline, hotel and retail sectors. During the first six months of 2004 new partners have included WAZ Media Group, one of the leading newspaper publishers in Germany, a number of major airlines such as American Airlines, Alitalia and Iberia, and two major hotel Groups (Sol Melia and Leading Hotels of the World). White labels are becoming an increasingly important growth area for lastminute.com and will be further strengthened following the acquisition of OTC, which has particular expertise in white labels for media and travel businesses.

Brent Hoberman
Chief Executive Officer
13 May 2004

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FINANCIAL REVIEW

Total transaction value (TTV), turnover and gross margins

Departure based TTV for Quarter 2 2004 was £178.8 million (Q2 2003: £92.2 million, Q1 2004: £146.6 million), representing an increase of 93.9% and 22.0% over the equivalent period of the prior year and prior quarter respectively. The acquisition of Med Hotels, First Option and Gemstone Travel contributed £32.0 million to TTV in the Quarter. If holiday autos had been consolidated during the whole of Quarter 2 2003, they would have contributed £23.3m of TTV. Consequently proforma organic like-for-like growth, excluding the effect of Med Hotels, First Option and Gemstone, amounted to 36.2% year-on-year.

TTV for the six months ended 31 March 2004 was £325.4 million representing an increase of 81.5% over the equivalent period of the prior year (6 months ended 31 March 2003: £179.3 million).

At Quarter end the forward order bank amounted to a record £80.4 million compared with £56.0 million at the end of Quarter 2 2003. The significant increase is due to the strong growth in the overall business and the acquisitions made during the current financial year. Order based sales amounted to £225.4 million in the Quarter compared to £102.5 million in the same period last year.

Turnover, including our share of joint ventures for the Quarter totalled £62.6 million (Q2 2003: £21.2 million, Q1 2004: £49.0 million), increases of 195.2% and 27.7% year-on-year and quarter-on-quarter respectively.

Gross profit for the Quarter was £30.9 million (Q2 2003: £15.0 million, Q1 2004: £25.0 million) representing increases of 106.8% and 23.8% year-on-year and quarter-on-quarter respectively. Gross profit margins for the Quarter were 17.3%, an increase of 1.1 percentage points year-on-year, partly as a result of the inclusion of holiday autos for a full quarter and partly as a result of the acquisition of Med Hotels and First Option. This increase is despite the significant growth in flights sales during the Quarter, a category where the gross margins are the lowest and continue to be under pressure. Flights are the only commodity item in the product portfolio and it is the other products, mixed with low margin flights, that produce industry leading margins. We are confident of delivering an 18.0% margin for the year as a whole.

Cost base

Operating costs before depreciation and goodwill amortisation have increased year-on-year to £32.4 million (Q2 2003: £18.0 million) principally due to the inclusion of the costs related to the acquisitions made since March 2003, namely holiday autos, Med Hotels, First Option and Gemstone Travel.

Product development costs show a reduction of 28.0% year-on-year reflecting the continued work in the technology group to reduce the need for third party suppliers.

Sales and marketing costs have increased from £10.7 million to £20.2 million. This substantial increase has been driven by the £4.5 million increase in agents' commission payable on car hire and hotel sales. Additionally the variable portion of the cost base reflects the substantial departure based organic growth, the growth in the forward order bank as well as the inclusion of a full quarter's costs from holiday autos and the impact of the businesses acquired since September 2003. For each additional £10.0 million of order based TTV, the increase in the variable cost base amounts to approximately £0.5 million.

General and administration costs have increased year-on-year by 116.1% again reflecting the growth of the business, the effect of the acquisitions and the variable credit card fees relating to order based TTV.

During the second half of 2004 general and administration costs and sales and marketing costs will benefit from the synergies being delivered from the integration of holiday autos into the lastminute.com business. Plans are being finalised regarding the integration of Online Travel Corporation where the benefit will be delivered during the 2005 financial year.

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EBITDA improvement

Losses before interest, taxation, depreciation and goodwill amortisation have reduced by 51.4% year-on-year to £1.5 million (Q2 2003: £3.1 million). This improvement has been achieved through increased gross margins partly offset by the higher cost base resulting from the acquisitions made since March 2003 and the increased variable cost relating to the growth in the forward order bank. Med Hotels, First Option and Gemstone Travel have contributed, as expected, a £2.9m profit contribution to the EBITDA result for the Quarter.

For the half year the EBITDA loss has improved by 44.6% from £4.7 million to £2.6 million.

Depreciation

Depreciation at £3.8 million for the Quarter has increased year-on-year by £1.3 million (Q2 2003: £2.5m). This increase reflects the Group's commitment to a continued and sustained investment in technology in order to create competitive advantage and the effect of the acquired businesses.

Loss before tax and loss per share

The overall loss before tax has increased from £15.0 million in Quarter 2 2003 to £21.3 million in Quarter 2 2004. The increased loss reflects the additional goodwill amortisation of approximately £5.3 million relating to the acquired businesses and £2.1 million of additional interest charges relating to the Convertible Bond.

The loss per share, before goodwill amortisation, has declined year-on-year by 4.0% to 2.17p.

Operating cash inflow

During the Quarter ending 31 March 2004 the Group delivered operating cash inflow, before exceptional items and acquisition related liabilities, of £0.4 million (Q1 2004: operating cash outflow of £42.3 million, Q2 2003: operating cash inflow £0.9 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 2 that additional technology spend amounted to £2.3 million and is included within the overall operating cash inflow for the Quarter. Since the Bond was raised approximately £9.3 million has been invested in additional technology projects.

David Howell
Chief Financial Officer
13 May 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 and six months ended 31 March 2004, 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.

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 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 and six months ended 31 March 2004.

Ernst & Young LLP
London
13 May 2004

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Consolidated profit and loss account

	6 months ended 31 Mar 2004 Total £000s (Unaudited)	6 months ended 31 Mar 2003 Total £000s (Unaudited)
Total transaction value (departure based)¹	325,408	179,328
Turnover		
Group and share of joint ventures	111,536	32,953
Less: share of joint ventures	(234)	(454)
Continuing operations:		
- Ongoing	70,834	32,499
- Acquisitions	40,468	-
Group turnover	111,302	32,499
Cost of sales	(55,366)	(6,213)
Gross profit	55,936	26,286
Operating costs		
Product development	2,965	4,166
Sales and marketing – agents' commission	10,478	1,215
Sales and marketing – other	29,229	16,662
General and administration	15,841	8,894
Operating costs before depreciation and goodwill amortisation	58,513	30,937
EBITDA	(2,577)	(4,651)
Depreciation	(7,331)	(4,893)
Goodwill amortisation	(27,401)	(16,528)
Total operating costs	(93,245)	(52,358)
Operating (loss)/ profit		
Continuing operations:		
- Ongoing	(40,058)	(26,072)
- Acquisitions	2,749	-
Group operating loss	(37,309)	(26,072)
Share of operating profit/(loss) in joint ventures	55	(380)
Share of operating loss in associate	-	(5)
Profit on disposal of investment in associate	491	-
Goodwill amortisation arising on the investment in associate	(296)	(296)
Total operating loss: Group and share of joint ventures and associate	(37,059)	(26,753)
Interest receivable	1,255	569
Interest payable and similar charges	(3,741)	(51)
Loss on ordinary activities before taxation	(39,545)	(26,235)
Tax on loss on ordinary activities	-	-
Loss on ordinary activities after taxation	(39,545)	(26,235)
Loss per share – basic	(13.32)p	(10.82)p
Loss per share – basic (pre goodwill amortisation)	(3.99)p	(3.88)p
Weighted number of Ordinary Shares outstanding	296,870,924	242,562,103
Loss on ordinary activities before taxation (pre goodwill amortisation) (see note 4)	(11,848)	(9,411)

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 profit and loss account

	Quarter ended 31 Mar 2004 Total £000s (Unaudited)	Quarter ended 31 Mar 2003 Total £000s (Unaudited)	Quarter ended 31 Dec 2003 Total £000s (Unaudited)
Total transaction value (departure based)¹	178,831	92,249	146,577
Turnover			
Group and share of joint ventures	62,558	21,195	48,978
Less: share of joint ventures	(108)	(381)	(126)
Continuing operations:			
- Ongoing	42,874	20,814	48,544
- Acquisitions	19,576	-	308
Group turnover	62,450	20,814	48,852
Cost of sales	(31,512)	(5,851)	(23,854)
Gross profit	30,938	14,963	24,998
Operating costs			
Product development	1,805	2,506	1,160
Sales and marketing – agents commission	5,750	1,215	4,727
Sales and marketing – other	14,496	9,514	14,735
General and administration	10,381	4,804	5,460
Operating costs before depreciation and goodwill amortisation	32,432	18,039	26,082
EBITDA	(1,494)	(3,076)	(1,084)
Depreciation	(3,795)	(2,490)	(3,536)
Goodwill amortisation	(14,549)	(9,255)	(12,852)
Total operating costs	(50,776)	(29,784)	(42,470)
Operating (loss)/ profit			
Continuing operations:			
- Ongoing	(22,736)	(14,821)	(17,323)
- Acquisitions	2,898	-	(149)
Group operating loss	(19,838)	(14,821)	(17,472)
Share of operating loss in joint ventures	(139)	(266)	194
Share of operating loss in associate	-	-	-
Profit on disposal of investment in associate	-	-	491
Goodwill amortisation arising on the investment in associate	(148)	(148)	(148)
Total operating loss: Group and share of joint ventures and associate	(20,125)	(15,235)	(16,935)
Interest receivable	979	295	276
Interest payable and similar charges	(2,106)	(35)	(1,635)
Loss on ordinary activities before taxation	(21,252)	(14,975)	(18,294)
Tax on loss on ordinary activities	-	-	-
Loss on ordinary activities after taxation	(21,252)	(14,975)	(18,294)
Loss per share – basic	(7.03)p	(6.07)p	(6.14)p
Loss per share – basic (pre goodwill amortisation)	(2.17)p	(2.26)p	(1.78)p
Weighted number of Ordinary Shares outstanding	302,324,288	246,835,901	298,086,945
Loss on ordinary activities before taxation (pre goodwill amortisation) (see note 4)	(6,555)	(5,572)	(5,294)

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 Mar 2004 £000s (Unaudited)	At 31 Mar 2003 £000s (Unaudited)	At 31 Dec 2003 £000s (Unaudited)	At 30 Sept 2003 £000s (Audited)
FIXED ASSETS				
Intangible assets	136,978	140,907	134,385	127,018
Tangible assets	25,773	19,763	23,325	21,815
Investments – joint ventures				
– gross assets	683	974	1,325	1,139
– gross liabilities	(142)	(512)	(180)	(180)
– total net assets	541	462	1,145	959
– associate	337	1,941	485	1,644
Total investments	878	2,403	1,630	2,603
Total fixed assets	163,629	163,073	159,340	151,436
CURRENT ASSETS				
Stock	912	515	241	240
Debtors	40,157	32,623	46,187	38,905
Cash on deposit, at bank and in hand	52,471	52,334	73,396	112,741
CREDITORS: amounts falling due within one year	93,540 (109,482)	85,472 (126,777)	119,824 (114,609)	151,886 (131,669)
NET CURRENT (LIABILITIES)/ASSETS	(15,942)	(41,305)	5,215	20,217
TOTAL ASSETS LESS CURRENT LIABILITIES	147,687	121,768	164,555	171,653
CREDITORS: amounts falling due after more than one year	(71,273)	-	(71,307)	(70,620)
PROVISIONS FOR LIABILITIES AND CHARGES	(2,550)	(1,236)	(2,640)	(3,892)
TOTAL NET ASSETS	73,864	120,532	90,608	97,141
CAPITAL AND RESERVES				
Called up share capital	2,950	2,587	2,999	2,969
Share premium account	153,317	141,280	151,775	143,805
Shares to be issued	10,595	30,845	10,595	4,095
Merger reserve	123,515	100,851	123,555	123,555
Other reserves	3,275	3,305	4,159	4,160
Profit and loss account	(219,788)	(158,336)	(202,475)	(181,443)
TOTAL EQUITY SHAREHOLDERS' FUNDS	73,864	120,532	90,608	97,141

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Consolidated Statement of Cash Flows

	Quarter ended 31 Mar 2004 £000s (Unaudited)	Quarter ended 31 Mar 2003 £000s (Unaudited)	Quarter ended 31 Dec 2003 £000s (Unaudited)	6 mths ended 31 Mar 2004 £000s (Unaudited)	6 mths ended 31 Mar 2003 £000s (Unaudited)
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	7,785	3,773	(37,041)	(29,256)	(1,317)
Cash outflow from exceptional items and acquisition related liabilities (see note 5)	(119)	(3,487)	(430)	(549)	(5,366)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received	979	295	276	1,255	569
Interest paid and interest element of finance lease rental payments	(3,255)	(35)	(486)	(3,741)	(51)
Net returns on investments and servicing of finance	(2,276)	260	(210)	(2,486)	518
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets	(5,095)	(3,143)	(5,046)	(10,140)	(5,694)
Receipts from sale of tangible fixed assets	-	-	-	-	-
NET CASH INFLOW/ (OUTFLOW) BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING	295	(2,597)	(42,727)	(42,431)	(11,859)
ACQUISITIONS					
Overdraft acquired with subsidiary undertakings	-	(9,551)	-	-	(9,507)
Payments to acquire subsidiary undertakings	(13,949)	(97)	(12,267)	(26,216)	(1,063)
Cash acquired with subsidiary undertakings	6,613	-	2,460	9,073	-
Cash received from part disposal of associate	683	-	-	683	-
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(6,358)	(12,245)	(52,534)	(58,891)	(22,429)
MANAGEMENT OF LIQUID RESOURCES					
Increase in short term deposits	2,146	(290)	1,716	3,862	(1,775)
FINANCING					
Issue of share capital	575	12,661	257	832	15,338
Repayment of capital elements of finance leases	(219)	(36)	(219)	(438)	(72)
(DECREASE)/ INCREASE IN CASH	(3,856)	90	(50,780)	(54,635)	(8,938)
RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS					
(DECREASE)/ INCREASE IN CASH	(3,856)	90	(50,780)	(54,635)	(8,938)
Cash outflow from short term deposits	(2,146)	290	(1,716)	(3,862)	1,775
Repayment of capital elements of finance leases	219	36	219	438	72
Changes in net funds resulting from cash flows	(5,783)	416	(52,277)	(58,059)	(7,091)
New finance leases	-	-	-	-	-
Exchange difference	(2,838)	-	(186)	(3,024)	-
Other	50	-	75	125	-
NET (DEBT)/ FUNDS AT THE BEGINNING OF THE PERIOD	(10,977)	41,913	41,411	41,411	49,420
NET (DEBT)/ FUNDS AT THE END OF THE PERIOD	(19,548)	42,329	(10,977)	(19,548)	42,329

Operating cash inflow/(outflow) before exceptional items and acquisition related liabilities (see note 5)	414	890	(42,297)	(41,882)	(6,493)
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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 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 Mar 2004	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	8,336,186	8,042,492	7,745,058	7,500,393	7,048,395	6,828,254
Number of customers at period end	3,754,856	3,245,477	2,763,289	2,180,016	1,821,830	1,518,375
Number of items sold in period	1,423,053	979,942	1,197,171	994,391	712,011	570,052
Number of suppliers at period end	16,940	15,632	15,514	15,317	15,014	14,732

3. Acquisitions

In January 2004, the Group acquired First Option Hotel Reservations Ltd ("First Option") for consideration of £12.4 million, which was satisfied in January 2004 by the issue of 752,353 new ordinary shares at 223 pence each by lastminute.com and cash of £10.5 million. Preliminary goodwill arising on the acquisition has been assessed as £12.1 million and has been capitalised and will be 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 £0.3 million.

In March 2004, the Group acquired Gemstone Travel Ltd ("Gemstone") for an initial consideration of £1.6 million, which was satisfied in March 2004 by the issue of 219,684 new ordinary shares at 232 pence each by lastminute.com and cash of £0.5 million. Preliminary goodwill arising on the acquisition has been assessed as £1.1 million and has been capitalised and will be 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 £0.5 million.

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

£000s	Quarter ended 31 Mar 2004	Quarter ended 31 Mar 2003	Quarter ended 31 Dec 2003	6 mths ended 31 Mar 2004	6 mths ended 31 Mar 2003
Loss on ordinary activities before taxation	(21,252)	(14,975)	(18,294)	(39,545)	(26,235)
Add: goodwill amortisation (group and associate)	14,697	9,403	13,000	27,697	16,824
Loss on ordinary activities before taxation (pre goodwill amortisation)	(6,555)	(5,572)	(5,294)	(11,848)	(9,411)

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

£000s	Quarter ended 31 Mar 2004	Quarter ended 31 Mar 2003	Quarter ended 31 Dec 2003	6 mths ended 31 Mar 2004	6 mths ended 31 Mar 2003
Net cash inflow/ (outflow) before acquisitions and management of liquid resources and financing	295	(2,597)	(42,727)	(42,431)	(11,859)
Add: cash outflow from exceptional items	119	2,886	430	549	4,116
cash outflow from acquisition related liabilities	-	601	-	-	1,250
Operating cash inflow/(outflow) (before exceptional items and acquisition related liabilities)	<u>414</u>	<u>890</u>	<u>(42,297)</u>	<u>(41,882)</u>	<u>(6,493)</u>

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

£000s	Quarter ended 31 Mar 2004	Quarter ended 31 Mar 2003	Quarter ended 31 Dec 2003	6 mths ended 31 Mar 2004	6 mths ended 31 Mar 2003
Operating loss	(19,838)	(14,821)	(17,472)	(37,309)	(26,072)
Depreciation	3,795	2,490	3,536	7,331	4,893
Goodwill amortisation – subsidiary undertakings	14,549	9,255	12,852	27,401	16,528
Net working capital movement	9,279	6,849	(35,957)	(26,679)	3,334
Net cash inflow/ (outflow) from operating activities	<u>7,785</u>	<u>3,773</u>	<u>(37,041)</u>	<u>(29,256)</u>	<u>(1,317)</u>

6. b) Reconciliation of net cash to net (debt)/ funds

£000s	At 31 Mar 2004	At 31 Mar 2003	At 31 Dec 2003
Net cash balance at end of Quarter	52,471	42,329	61,260
Convertible Bond (included within creditors due after more than one year)	(70,390)	-	(70,390)
Finance leases	(1,629)	-	(1,847)
Net (debt)/ funds at end of Quarter	<u>(19,548)</u>	<u>42,329</u>	<u>(10,977)</u>

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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 Mar 2004	Quarter ended 31 Mar 2003	6 months ended 31 Mar 2004	6 months ended 31 Mar 2003	Quarter ended 31 Mar 2004	Quarter ended 31 Mar 2003	6 months ended 31 Mar 2004	6 months ended 31 Mar 2003
By geographical area:								
United Kingdom	122,123	54,630	212,451	111,989	40,354	11,442	65,293	19,357
France	24,872	22,644	48,792	42,667	3,750	3,511	7,525	6,261
Germany	12,334	6,634	26,308	9,301	9,939	3,627	22,126	3,974
Italy	5,311	3,970	11,627	7,281	498	361	1,263	751
Spain	4,135	690	6,670	1,588	678	93	953	174
Other European Union countries	9,231	2,849	18,040	4,938	7,231	1,780	14,142	1,982
Group	<u>178,006</u>	<u>91,417</u>	<u>323,888</u>	<u>177,764</u>	<u>62,450</u>	<u>20,814</u>	<u>111,302</u>	<u>32,499</u>
Joint ventures	825	832	1,520	1,564	108	381	234	454
	<u>178,831</u>	<u>92,249</u>	<u>325,408</u>	<u>179,328</u>	<u>62,558</u>	<u>21,195</u>	<u>111,536</u>	<u>32,953</u>
	Net loss on ordinary activities before taxation ²				Net assets/(liabilities) ²			
					At 31 Mar 2004	At 31 Mar 2003		
By geographical area:								
United Kingdom ¹	(16,517)	(6,185)	(25,658)	(10,577)	68,287	126,054		
France	(1,284)	(6,636)	(7,264)	(12,837)	41,698	(40,908)		
Germany	(1,643)	(762)	(2,073)	(1,305)	(12,440)	(11,549)		
Italy	17	(72)	199	(122)	(6)	(1,183)		
Spain	(171)	(103)	(338)	(219)	(1,465)	(228)		
Other European Union countries	(240)	(1,063)	(2,175)	(1,012)	(3,540)	(6,391)		
	<u>(19,838)</u>	<u>(14,821)</u>	<u>(37,309)</u>	<u>(26,072)</u>	<u>92,534</u>	<u>65,795</u>		
Share of operating profit/(loss) and net assets of joint ventures	(139)	(266)	55	(380)	541	462		
Share of operating loss and net assets of associate	-	-	-	(5)	337	1,941		
Amortisation of goodwill arising on the acquisition of associate	(148)	(148)	(296)	(296)	-	-		
Profit on disposal of investment in associate	-	-	491	-	-	-		
Net interest (payable)/receivable	(1,127)	260	(2,486)	518	-	-		
Convertible bond	-	-	-	-	(70,390)	-		
Interest bearing assets	-	-	-	-	50,842	52,334		
	<u>(21,252)</u>	<u>(14,975)</u>	<u>(39,545)</u>	<u>(26,235)</u>	<u>73,864</u>	<u>120,532</u>		

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 business.

² Net loss on ordinary activities before taxation for Quarter ended 31 March 2004 includes £14,697,000 of goodwill amortisation (Quarter ended 31 March 2003: £9,403,000). Net assets include £137,314,000 of goodwill (31 March 2003: £142,848,000).

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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 of service 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 the 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 earned 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 Degriktour, Travelselect.com, Destination Group, Travelprice.com, holiday autos, Med Hotels, First Option and Gemstone customers (excluding repeat customers) since acquisition in October 2000, April 2002, June 2002, end of July 2002, March 2003, December 2003, January 2004 and March 2004 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.