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NEWS RELEASE

For Immediate Release

5 August 2004

QUARTER 3 FINANCIAL RESULTS

Solid growth in a challenging environment

lastminute.com today announces Quarter 3 2004 financial results for the period ending 30 June 2004

Results highlights

- **78.2% increase in Total Transaction Value to £268.9 million (Q3 2003: £150.9 million)**
- **22.3% pro-forma organic like-for-like TTV growth in Quarter 3 (Q3 2003: 46.2%)**
- **Forward order book £77.0 million (Q3 2003: £61.1 million)**
- **168.7% increase in statutory turnover to £168.1 million (Q3 2003: £62.6 million)**
- **57.0% increase in gross profit to £46.3 million (Q3 2003: £29.5 million)**
- **Gross margin 17.2% for Quarter 3 2004 (Q2 2004: 17.3%, Q3 2003: 19.5%)**
- **5.2% increase in pre exceptional EBITDA to £4.3 million (Q3 2003: £4.1 million)
18.3% improvement in post exceptional EBITDA to £3.3 million (Q3 2003: £2.8 million)**
- **Quarter 3 loss per share of 5.46p (Q3 2003: loss 4.22p)**
- **A further in-depth review of the cost base has highlighted 10.0% savings to be achieved in financial year 2005 (excluding travel agents commission)**
- **Overall net cash balances remain strong at 30 June 2004 at £65.4 million (Q3 2003: £28.6 million)**
- **Dynamic Packaging sales grow 205.6% to £16.5 million (Q3 2003: £5.4 million)**

Allan Leighton, Chairman said:

"lastminute.com has performed well in a challenging quarter for the travel industry. Our model continues to show its resilience with underlying margins remaining strong. The move by the consumer to be even more last minute makes our unique model more relevant than ever. However, the summer quarter as always remains both key and difficult to predict. We expect to make significant improvements year-on-year with Quarter 4 TTV of around the £400.0 million mark based on July trading."

Brent Hoberman, Chief Executive, added:

"We have consolidated our position as the leading online independent travel and leisure group in Europe and have made continued progress in a number of key areas of our operation. We have enhanced our product offerings, improved the service to customers and continued to grow organically with the lastminute.com branded businesses growing by 50.0% in July 2004. Whilst the outlook for the final quarter of the financial year remains challenging we remain confident of making further significant progress."

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Financial Highlights (£000)

Year-on-year	Quarter ended 30 Jun 2004	Quarter ended 30 Jun 2003	Change %/£
Registered subscribers at quarter end	9,645,971	7,500,393	28.6%
Cumulative unique customers since inception ¹	4,536,793	2,180,016	108.1%
New unique customers in the quarter	781,937	358,186	118.3%
Number of items sold in the quarter	1,895,466	994,361	90.6%
Total transaction value (departure based) ²	£268,857	£150,866	78.2%
Total turnover (incl. share of joint ventures)	£168,119	£62,564	168.7%
Gross profit	£46,260	£29,462	57.0%
Gross margin	17.2%	19.5%	(2.3) percentage points
EBITDA (pre exceptional items)	£4,333	£4,117	£216
EBITDA	£3,324	£2,810	£514
Profit/(loss) before taxation (pre goodwill amortisation)	£77	£339	£(262)
Loss per share	(5.46)p	(4.22)p	(29.4)%
Operating cash inflow ³	£4,031	£4,797	(16.0)%
Net cash balance at quarter end	£65,415	£28,554	129.1%
Quarter-on-quarter	Quarter ended 30 Jun 2004	Quarter ended 31 Mar 2004	Change %/£
Registered subscribers at quarter end	9,645,971	8,336,186	15.7%
Cumulative unique customers since inception ¹	4,536,793	3,754,856	20.8%
New unique customers in the quarter	781,937	509,379	53.5%
Number of items sold in the quarter	1,895,466	1,423,053	33.2%
Total transaction value (departure based) ²	£268,857	£178,831	50.3%
Total turnover (incl. share of joint ventures)	£168,119	£62,558	168.7%
Gross profit	£46,260	£30,938	49.5%
Gross margin	17.2%	17.3%	(0.1) percentage points
EBITDA (pre exceptional items)	£4,333	£(1,494)	£5,827
EBITDA	£3,324	£(1,494)	£4,818
Profit/(loss) before taxation (pre goodwill amortisation)	£77	£(6,555)	£6,632
Loss per share	(5.46)p	(7.03)p	22.4%
Operating cash inflow ³	£4,031	£414	873.7%
Net cash balance at quarter end	£65,415	£52,471	24.7%

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 are available to media at www.vismedia.co.uk
An analyst conference call will take place at 9.30 am this morning. For further details please contact The Maitland Consultancy. The Quarter 3 presentation to analysts will be available for replay from noon BST today, 5 August 2004, at www.lastminute.com/ir, the presentation will also be available on the website from shortly after 7.00 BST today.

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 30 June 2004 lastminute.com had over 9.6 million subscribers to its weekly newsletter and had established over 19,500 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

This has been a difficult quarter for the travel industry as a whole. The quarter has been impacted by customers booking much later than has been seen previously. Against these tough market conditions, lastminute.com has continued to perform well.

Results

Departure based Total Transaction Value (TTV) increased by 78.2% from £150.9 million in Quarter 3 2003 to £268.9 million in Quarter 3 2004, with acquisitions generating TTV of £81.9 million. Pro-forma organic like-for-like departure based TTV growth increased by 22.3% in the Quarter. The Group ends Quarter 3 2004 with a forward order bank of £77.0 million, 26.0% higher than Quarter 3 2003 (£61.1 million).

Gross margins of 17.2% were achieved in Quarter 3 2004, consistent with those achieved in Quarter 1 and 2 2004 and compared to 19.5% achieved in Quarter 3 2003. The year-on-year reduction in gross margin results from £1.2 million higher advertising and commercial revenues achieved in Quarter 3 2003 which added 2.2% to the prior year margin and the change in mix as the proportion of higher margin car hire reduced within total sales. With the seasonal strength of higher margin sales of car and hotels through our new subsidiary Med Hotels, we continue to expect the full year gross margin to be around 18.0%.

EBITDA post exceptional items for Quarter 3 2004 totalled £3.3 million and is £0.5 million higher than that achieved in Quarter 3 2003, £2.8 million. Pre exceptional EBITDA increased 5.2% from £4.1 million in Q3 2003 to £4.3 million in Q3 2004.

The Group generated operating cash inflow, before exceptional items, of £4.0 million for Quarter 3 2004 compared with £4.8 million in Quarter 3 2003.

Strategy

The Group's strategy has remained consistent since flotation in March 2000, i.e. to become the Number 1 independent travel and leisure group in Europe providing customers with inspiration and solutions at the last minute. Acquired businesses have helped generate scale in either a particular product or in a relevant geography. In addition significant organic growth has ensured that the Group has doubled TTV over the past four years. Our concentration remains European with UK, France, Germany, Italy and Spain being our principal markets. Lifestyle remains fundamental in generating new customers at low cost. During the coming year the Lifestyle products will be positioned more across the European countries and help provide the lowest customer acquisition costs in the industry.

Outlook

We continue to lead the European online travel and leisure marketplace. The Group remains confident that it has the technology and products available for Quarter 4, the peak summer season. The industry as a whole has seen customers booking much later, therefore shortening the period between booking and departure. As always, the seasonality within our business means that the full year results for 2004 are heavily dependent on the delivery of Quarter 4 results. Whilst the trend towards later booking makes it more difficult to predict with certainty the likely outturn for the full year, we still anticipate TTV will be around £400.0 million for Quarter 4. The breadth of product and strength of the lastminute.com brand across Europe gives us confidence for the delivery of long term growth.

Allan Leighton
Chairman
5 August 2004

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OPERATIONAL REVIEW

lastminute.com remains the leading online independent travel and leisure group in Europe operating directly in 13 countries and participating in 3 international joint ventures. In July Hitwise announced that lastminute.com was ranked number one in the UK by visits to the travel, destinations and accommodation categories. In May 2004 lastminute.com was voted best travel website by Kelkoo shoppers and similarly in May 2004 in Germany lastminute.com was ranked the Number 1 travel website by Reise-Analyse.

Trends

A number of key trends have become evident during this Quarter 3.

The offline to online share shift has continued with an acceleration in the number of people booking travel online. In this quarter we have seen an increase in customers of 118.3% year-on-year. The European online travel industry is set to grow at some 20 – 30% for at least the next five years. This growth will only further accelerate the movement to online booking aided by the increasing adoption of broadband services both in the UK and Europe.

The core technology platform that lastminute.com has built provides economically upgradeable hardware to cope with volumes of at least twice the size we currently have. This investment in technology positions us well for the future.

The customer booking profile has changed materially during this quarter where customers are booking later and later. Historically the forward booking profile has been 4 – 6 weeks. This trend is shortening rapidly and we anticipate that customers will be booking holidays 7-10 days forward during the peak summer season. Whilst this gives less visibility for predicting our results in any given period, lastminute.com is ideally positioned to take advantage of this trend in the market given its customer proposition.

Customers

We continue to track our customers' behaviour to ensure that we are delivering the best possible service. In the UK 62% of users are based outside London; 40.0% of users are aged 25 - 34; 75.0% of users are repeat visitors.

Entertainments, Hotels and Restaurants have the highest consistent loyalty metric. Overall over 95.0% of customers would book with lastminute.com again.

The number of subscribers to the weekly newsletter totalled 9.6 million at 30 June 2004, a 28.6% increase year-on-year and a 15.7% increase over Quarter 2 2004. We are pleased with the growth in new unique customers in the Quarter, with an increase of 118.3% year-on-year to 781,937.

Dynamic Packaging

In June 2004 an on-site survey revealed that 65.0% of customers prefer independent travel and are now designing their own itineraries. Dynamic Packaging continues to evolve as our European strategic business platform. The resort product offering and capabilities have been substantially expanded, giving the customer the flexibility to not only package their weekend break but also their "summer holiday" to the Mediterranean. Dynamic Packaging sales in Quarter 3 2004 amounted to £16.5 million compared with £5.4 million in Quarter 3 2003, growth of 205.6%.

New Products

We have continued to leverage scale, particularly in the UK with the acquisition of OTC and First Option. We have also signed new or enhanced relationships with key suppliers. These include in flights: pan European deals with Air France, American Airlines, KLM and Air Berlin and in hotels: lastminute.com has built on its worldwide relationship with the InterContinental Hotels Group by adding in EMEA Hilton International Hotels and domestically in the UK with Radisson Edwardian hotels. These new agreements ensure that we continue to deliver the most comprehensive service for our customers with product of the highest quality at the best prices.

An integral part of our supply partnership agreements is the white label functionality we can offer. During the quarter we have signed agreements to produce white labels for 36 partners including Carrefour (Spain), WAZ (Germany), Occidental Hotels, Britannia Hotels, Take the Family, Hutchison 3G, Xbox, Vodafone, Kudos (Japan), AgendaOnline (Italy), Yahoo (Italy and Spain), Die Zeit (Germany), Airlines.de (Germany), Alitalia

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(France), DirectFlight Savers and What's on When. Many of these relationships have started to produce sales during the quarter.

The Group's white label business now generates over £4.0 million in TTV per month. The OTC and lastminute.com white label teams are now working closely together, allowing better account targeting and management, and deliver a broader range of products and features to our white label partners.

Brand development and strategic partners

In August 2004 we announced a strategic relationship with BT which includes offering customers access to a broadband restaurant booking service alongside branded lastminute.com multimedia phone booths located in London, Birmingham and Manchester. We have also finished the re-branding of the lastminute.com e-shops expanding the product range to include lifestyle. These initiatives will bring lifestyle benefits to UK consumers both via broadband and physical presence, bringing to customers the best of what the internet has to offer in the most accessible way.

We continue to develop mutually beneficial relationships with offline marketing partners. During this quarter we have launched promotions with Toblerone, Odeon Cinemas, Toni&Guy, Channel 4, a summer on-pack promotion with Fanta and our largest media promotion with The Independent.

Acquisitions

lastminute.de

During the quarter we announced the strategic acquisition of the lastminute.de group of companies in Germany which offers online access to package holidays and flights to German consumers to all popular travel destinations.

This key acquisition creates the leading online travel company in Germany, the largest single European travel market. This transaction removes the confusion between the lastminute.com and lastminute.de brands and ensures that all of our marketing efforts benefit the lastminute.com businesses in Germany. We believe that the online travel and leisure market in Germany is set for substantial growth over the next few years. Our enlarged German business will have the broadest travel offering of any online company in Germany and is very well positioned to exploit this expected market growth.

Online Travel Corporation (OTC)

Following the acquisition of OTC in March 2004 we confirm that our plans to achieve the anticipated £4.0 million synergies by eliminating duplicate functions, increasing operating efficiencies and enhancing margins are well developed and will begin to deliver savings from the beginning of the 2005 financial year.

To date costs of £1.0 million have been incurred and expensed as exceptional items against these actions. As previously communicated total costs in respect of these plans are expected to be approximately £5.0 million.

The funds raised via the Convertible Bond in September 2003 have now been fully committed for acquisitions, technology development and marketing as anticipated. The concentration for the remainder of 2004 will be to ensure integration of the acquired businesses to leverage scale, reduce costs and provide enhanced customer services.

Further integration

Subsequent to our peak trading season we shall complete the integration of Med Hotels, First Option, OTC and lastminute.de and further eliminate duplication and introduce more uniform, streamlined processes across the Group. These activities will be combined with developments in business system automation and customer service technology to deliver improved cost ratios in areas such as contacts per booking, cost per contact and cost per item sold therefore contributing to improvements in the overall cost structure of the Company going forward.

Having now completed these plans for the integration of the acquired businesses we have conducted a further in-depth review of the overall cost base. We are now targeting to take 10.0% from that cost base, excluding travel agents commission, during the 2005 financial year. This will mean the consolidation of 25 offices to 15 (i.e. the closure of ten offices, six in the UK and four internationally) and the reduction of 350 people. Further updates on the anticipated savings discussed above, the costs to achieve and the timescales to deliver will be provided in late September 2004.

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Sales and service excellence

Following the recent acquisitions in 2004, we expect synergies in 2005 to deliver additional scalability in our business model by the use of technology and to materially reduce operational costs. Already during Quarter 3 we have outsourced part of our flight sales function and have consolidated post-sales service groups to our existing site in Camberley.

Technological developments

The main technology focus during the quarter has been to ensure the stability and flexibility of the website in anticipation of the peak summer quarter where traffic volumes can increase by a factor of two. We have also continued extensive work on the ability to move to a single booking system across all operating businesses. We have further streamlined the holiday booking processes, added thousands of additional images and provided sophisticated search capabilities that lead the market.

Our commitment to the use of voice recognition techniques to reduce costs continues. Caller post qualification software is now working to eliminate the need for customers to talk directly to customer service agents. We have also enhanced the security features of the website using Verified By Visa. Within the operations area we now automatically ticket more and more of our customers needs, again improving overall efficiency and reducing costs.

We have continued to enhance relationships with key strategic partners. In June 2004 we announced the launch of a new service with O2 which enables leisure-seekers to locate various products in specific locations through their mobile phone using the latest location based technology. These location based services will soon be available on Vodafone Live! and Orange World.

Brent Hoberman
Chief Executive Officer
5 August 2004

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FINANCIAL REVIEW

Total Transaction Value (TTV), turnover and gross margins

Departure based TTV for Quarter 3 2004 was £268.9 million (Q3 2003: £150.9 million, Q2 2004: £178.8 million) representing increases of 78.2% and 50.3% respectively over the equivalent period of the prior year and prior quarter. Acquisitions contributed £81.9 million of TTV during the Quarter 3 2004. Pro-forma organic like-for-like TTV growth, excluding the effect of Med Hotels, First Option, Gemstone Travel, OTC and lastminute.de, totalled 22.3% year-on-year.

As indicated previously the French business of lastminute.com has started to recover materially as we move towards the key summer quarter. Organic TTV growth in Quarter 3 amounted to 42.0%, significantly up on both Quarters 1 and 2 (Q1 2004: 13.8%, Q2 2004: 7.5%).

TTV for the nine months ended 30 June 2004 was £594.3 million, representing an increase of 80.0% over the nine months ended 30 June 2003 (9 months ended 30 June 2003: £330.2 million).

At the end of Quarter 3 the forward order bank amounted to £77.0 million compared with £61.1 million at the end of Quarter 3 2003. The significant increase is due to the strong growth in the overall business and the acquisitions made during the current financial year. During the quarter the order bank reduced by approximately £3.0 million reflecting the much later booking profile of customers that we have seen this quarter. Normally we would expect the order bank to increase as we move into our strongest quarter. Order based sales amounted to £262.4 million in the quarter compared to £155.6 million in the same period last year.

Turnover, including our share of joint ventures for the quarter totalled £168.1 million (Q3 2003: £62.6 million, Q2 2004: £62.6 million), increases of 168.7% and 168.7% year-on-year and quarter-on-quarter respectively.

Gross profit for the quarter was £46.3 million (Q3 2003: £29.5 million, Q2 2004: £30.9 million) representing increases of 57.0% and 49.5% year-on-year and quarter-on-quarter respectively. Gross profit margins for the quarter were 17.2%, a decrease of 2.3 percentage points year-on-year. The year-on-year reduction is a result of acquisitions (which are dilutive in terms of gross margin e.g. gross margins achieved by OTC amount to approximately 12.0%), the mix effect of a reduction in the relative proportion of higher margin car hire to overall sales and the record advertising and commercial revenue achieved in Quarter 3 2003 which exceeded that achieved in Quarter 3 2004 by £1.2 million.

Cost base

Quarterly operating costs before exceptional items, depreciation and goodwill amortisation have increased year-on-year to £41.9 million (Q3 2003: £25.3 million) due to the inclusion of the costs related to the acquisitions made since June 2003, namely Med Hotels, First Option, Gemstone Travel, OTC and lastminute.de and the variable costs related to the effects of scale where TTV has increased by 78.2% year-on-year. The acquisitions of OTC and lastminute.de have added £3.8 million to the Quarter 3 cost base.

Overall costs, not including exceptional items, depreciation or goodwill amortisation, as a percentage of TTV amounted to 15.6% in the quarter compared with 16.8% in the equivalent period last year.

Travel agents commission has increased to £9.8 million from £6.4 million in Quarter 3 2003. This increase comes about by the growth in the car hire product and the inclusion of Med Hotels which pays commission on product sold through the travel agency network. Other sales and marketing costs have increased to £19.0 million (Q3 2003: £14.1 million) as a consequence of the acquired businesses and the growth in TTV.

As a consequence of the late booking profile of customers the Group has decided to spend an additional £3.6 million during Quarter 4 on marketing to help generate additional sales and gross margin.

General and administration costs have increased year-on-year by 185.7% to £11.5 million, again reflecting the substantial growth in TTV where charges such as credit card fees are included in the general and administration line and the effect of the acquired businesses where we have a full quarter effect from OTC and Gemstone Travel and a one month impact from lastminute.de.

We anticipate that costs will be reduced significantly by the effect of the rationalisation of various call centres as we move forward into the 2005 financial year.

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EBITDA

Earnings before interest, taxation, depreciation, goodwill amortisation and exceptional items has increased by 5.2% year-on-year to £4.3 million (Q3 2003: £4.1 million). This improvement in EBITDA results from the increase in TTV scale, despite the fall in gross margin and the increase in the overall cost base which are principally as a consequence of the acquired businesses. Post exceptional items Quarter 3 EBITDA has increased by £0.5 million.

For the nine months ended 30 June 2004 post exceptional EBITDA has increased from a loss of £1.8 million in the comparable period of 2003 to an EBITDA profit of £0.7 million in 2004.

Exceptional items

As announced at the time of the acquisition of OTC, we expect to incur exceptional costs in connection with the restructuring of the Group and the creation of our Sales and Service Centres of Excellence. To date costs of £1.0 million have been incurred. The remainder of these costs are expected to be incurred in Quarter 4 and will total approximately £5.0 million for the financial year as a whole.

Depreciation

Depreciation at £4.6 million for the quarter has increased year-on-year by £1.7 million (Q3 2003: £2.9 million) reflecting the Group's commitment to a continued and sustained level of investment in technology in order to create competitive advantage and the effect of the acquired businesses.

Loss before tax and loss per share

The loss on ordinary activities before tax has increased from £12.2 million in Quarter 3 2003 to £17.0 million in Quarter 3 2004. The increased loss reflects the higher EBITDA and the benefit of foreign exchange gains during the quarter relating to the re-translation of the Convertible Euro Bond into Sterling which have been offset by additional depreciation of £1.7 million and additional goodwill amortisation of approximately £4.7 million relating to the acquired businesses.

The basic loss per share has increased year-on-year by 29.4% to 5.46p.

Operating cash inflow

During the quarter ended 30 June 2004 the Group delivered operating cash inflow, before exceptional items and acquisition related liabilities, of £4.0 million (Q3 2003: £4.8 million).

The proceeds from the issue of the Convertible Bond in September 2003 have now been fully utilised for acquisition activities, early delivery of technology and marketing. The focus in Quarter 4 will be towards delivery of the summer forecast sales and the finalisation of the integration plans for the acquired businesses. These integration plans will deliver significant cost savings as we move forward into the 2005 financial year.

US de-listing

On 15 July 2004, the Group announced its intention to de-list from the Nasdaq National Market ("Nasdaq"), terminate its American Depositary Receipt facility with effect from 20 August 2004 and seek ways in which it could terminate its registration under the US Securities Exchange Act. This action was agreed following a review of the increasingly complex, onerous and costly obligations of maintaining a US listing and registration with little additional benefit. To maintain the Nasdaq listing under the new requirements would cost lastminute.com approximately £1.5 million annually with no real financial benefit.

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Outlook

We expect to make significant improvement in year-on-year financial metrics and anticipate TTV of some £400 million in the key Quarter 4. However, the trend towards later booking makes it more difficult to predict with certainty the likely outcome for this quarter. We also continue to anticipate that gross margins will be approximately 18.0% for the year as a whole, although the exact figure is clearly dependent on the product mix achieved during the final quarter.

The breadth of product and strength of the lastminute.com brand across Europe gives us confidence for the delivery of long term growth.

David Howell
Chief Financial Officer
5 August 2004

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INDEPENDENT REVIEW REPORT to lastminute.com plc

Introduction

We have been instructed by the Group to review the financial information for the three and nine months ended 30 June 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 Group 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 Group, 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 nine months ended 30 June 2004.

Ernst & Young LLP
London
5 August 2004

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Consolidated profit and loss account

	9 months ended 30 Jun 2004 Total £000 (Unaudited)	9 months ended 30 Jun 2003 Total £000 (Unaudited)
Total transaction value (departure based)¹	594,264	330,194
Turnover		
Group and share of joint ventures	279,655	95,517
Less: share of joint ventures	(291)	(1,580)
Continuing operations:		
- Ongoing	200,550	93,937
- Acquisitions	78,814	-
Group turnover	279,364	93,937
Cost of sales	(177,168)	(38,190)
Gross profit	102,196	55,747
Operating costs		
Product development	4,520	4,384
Sales and marketing - agent's commission	20,304	11,618
Sales and marketing - other	48,234	26,730
General and administration	27,382	12,205
Operating costs before exceptional items, depreciation and goodwill amortisation	100,440	54,937
Operating exceptional items		
Restructuring costs	1,009	2,652
EBITDA		
Pre exceptional items	1,756	810
Post exceptional items	747	(1,842)
Depreciation	(11,945)	(7,771)
Goodwill amortisation	(44,525)	(28,879)
Total operating costs	(157,919)	(94,239)
Operating (loss)/profit		
Continuing operations:		
- Ongoing	(62,061)	(38,492)
- Acquisitions	6,338	-
Group operating loss	(55,723)	(38,492)
Share of operating (loss)/profit in joint ventures	(124)	74
Share of operating loss in associate	-	(5)
Profit on disposal of investment in associate	261	-
Goodwill amortisation arising on the investment in associate	(244)	(444)
Total operating loss: Group and share of joint ventures and associate	(55,830)	(38,867)
Interest receivable	1,333	927
Interest payable and similar charges	(2,043)	(456)
Loss on ordinary activities before taxation	(56,540)	(38,396)
Tax on loss on ordinary activities	(496)	-
Loss on ordinary activities after taxation	(57,036)	(38,396)
Loss per share – basic	(18.59)p	(14.98)p
Loss per share – basic (pre goodwill amortisation)	(4.00)p	(3.54)p
Weighted number of Ordinary Shares outstanding	306,767,875	256,251,572
Loss on ordinary activities before taxation (pre goodwill amortisation) (see note 4)	(11,771)	(9,073)

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 30 Jun 2004 Total £000 (Unaudited)	Quarter ended 30 Jun 2003 Total £000 (Unaudited)	Quarter ended 31 Mar 2004 Total £000 (Unaudited)
Total transaction value (departure based)¹	268,857	150,866	178,831
Turnover			
Group and share of joint ventures	168,119	62,564	62,558
Less: share of joint ventures	(57)	(1,126)	(108)
Continuing operations:			
- Ongoing	129,716	61,438	42,874
- Acquisitions	38,346	-	19,576
Group turnover	168,062	61,438	62,450
Cost of sales	(121,802)	(31,976)	(31,512)
Gross profit	46,260	29,462	30,938
Operating costs			
Product development	1,555	835	1,805
Sales and marketing - agent's commission	9,826	6,386	5,750
Sales and marketing - other	19,005	14,085	14,496
General and administration	11,541	4,039	10,381
Operating costs before exceptional items, depreciation and goodwill amortisation	41,927	25,345	32,432
Operating exceptional items			
Restructuring costs	1,009	1,307	-
EBITDA			
Pre exceptional items	4,333	4,117	(1,494)
Post exceptional items	3,324	2,810	(1,494)
Depreciation	(4,614)	(2,878)	(3,795)
Goodwill amortisation	(17,124)	(12,351)	(14,549)
Total operating costs	(64,674)	(41,881)	(50,776)
Operating (loss)/profit			
Continuing operations:			
- Ongoing	(22,003)	(12,419)	(22,736)
- Acquisitions	3,589	-	2,898
Group operating loss	(18,414)	(12,419)	(19,838)
Share of operating (loss)/profit in joint ventures	(179)	454	(139)
Loss on disposal of investment in associate	(230)	-	-
Goodwill amortisation arising on the investment in an associate	52	(148)	(148)
Loss on ordinary activities before interest and taxation	(18,771)	(12,113)	(20,125)
Interest receivable	78	358	979
Interest payable and similar charges	1,698	(405)	(2,106)
Loss on ordinary activities before taxation	(16,995)	(12,160)	(21,252)
Taxation on loss on ordinary activities	(496)	-	-
Loss on ordinary activities after taxation	(17,491)	(12,160)	(21,252)
Loss per share - basic	(5.46)p	(4.22)p	(7.03)p
Loss per share - basic (pre goodwill amortisation)	(0.13)p	(0.12)p	(2.17)p
Weighted number of Ordinary Shares outstanding	320,606,883	288,488,283	302,324,288
Profit/(loss) on ordinary activities before taxation (pre goodwill amortisation) (see note 4)	77	339	(6,555)

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 30 Jun 2004 £000 (Unaudited)	At 30 Jun 2003 £000 (Unaudited)	At 31 Mar 2004 £000 (Unaudited)	At 30 Sept 2003 £000 (Audited)
Fixed assets				
Intangible assets	159,437	130,690	136,978	127,018
Tangible assets	25,671	18,902	25,773	21,815
Investments – group companies	16,303	-	-	-
Investments				
Joint ventures – gross assets	1,009	1,472	683	1,139
– gross liabilities	(198)	(556)	(142)	(180)
– total net assets	811	916	541	959
Associate	337	1,793	337	1,644
Total investments	17,451	2,709	878	2,603
Total fixed assets	202,559	152,301	163,629	151,436
Current assets				
Stock	768	250	912	240
Debtors	68,117	38,272	40,157	38,905
Cash at bank and in hand	65,415	28,554	52,471	112,741
Creditors: amounts falling due within one year	(157,682)	(112,009)	(109,482)	(131,669)
Net current (liabilities)/assets	(23,382)	(44,933)	(15,942)	20,217
Total assets less current liabilities	179,177	107,368	147,687	171,653
Creditors: amounts falling due after more than one year	(70,569)	-	(71,273)	(70,620)
Provisions for liabilities and charges	(3,387)	(1,236)	(2,550)	(3,892)
Total net assets	105,221	106,132	73,864	97,141
Capital and reserves				
Called up share capital	3,278	2,859	2,950	2,969
Share premium account	139,093	141,291	153,317	143,805
Shares to be issued	6,000	7,868	10,595	4,095
Merger reserve	190,429	123,556	123,515	123,555
Other reserves	1,620	3,304	3,275	4,160
Profit and loss account	(235,199)	(172,746)	(219,788)	(181,443)
Total equity shareholders' funds	105,221	106,132	73,864	97,141

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Consolidated Statement of Cash Flows	Quarter ended 30 Jun 2004 £000 (Unaudited)	Quarter ended 30 Jun 2003 £000 (Unaudited)	Quarter ended 31 Mar 2004 £000 (Unaudited)	9 mths ended 30 Jun 2004 £000 (Unaudited)	9 mths ended 30 Jun 2003 £000 (Unaudited)
Net cash inflow/(outflow) from operating activities	6,770	6,861	7,785	(22,487)	5,544
Cash inflow/(outflow) from exceptional items and acquisition related liabilities (see note 5)	(639)	(1,199)	(119)	(1,188)	(6,565)
Returns on investments and servicing of finance					
Interest received	1,776	357	979	1,333	927
Interest paid and interest element of finance lease rental payments	-	(405)	(3,255)	(2,043)	(456)
Net returns on investments and servicing of finance	1,776	(48)	(2,276)	(710)	471
Capital expenditure and financial investments					
Payments to acquire tangible fixed assets	(4,515)	(2,016)	(5,095)	(14,654)	(7,710)
Receipts from sale of tangible fixed assets	-	-	-	-	-
Net cash inflow/(outflow) before acquisitions and management of liquid resources and financing	3,392	3,598	295	(39,039)	(8,260)
Acquisitions					
Overdraft acquired with subsidiary undertakings	-	-	-	-	(9,507)
Payments to acquire subsidiary undertakings	(1,085)	(18,893)	(13,949)	(27,301)	(19,956)
Cash acquired with subsidiary undertakings	10,072	-	6,613	19,145	-
Cash received from part disposal of associate	-	-	683	683	-
Net cash inflow/(outflow) before management of liquid resources and financing	12,379	(15,295)	(6,358)	(46,512)	(37,723)
Management of liquid resources					
(Increase)/decrease in short term deposits	(10,099)	(219)	2,146	(6,237)	(1,994)
Financing					
Issue of share capital	163	283	575	995	15,620
Repayment of capital elements of finance leases	(219)	(36)	(219)	(657)	(108)
Increase/(decrease) in cash	2,224	(15,267)	(3,856)	(52,411)	(24,205)
Reconciliation of cash flow to movement in net funds					
Increase/(decrease) in cash	2,224	(15,267)	(3,856)	(52,411)	(24,205)
Cash outflow from short term deposits	10,099	219	(2,146)	6,237	1,994
Repayment of capital elements of finance leases	219	36	219	657	108
Changes in net funds resulting from cash flows	12,542	(15,012)	(5,783)	(45,517)	(22,103)
New finance leases	-	-	-	-	-
Exchange difference	204	-	(2,838)	(2,820)	-
Other	239	-	50	363	-
Net (debt)/funds at the beginning of the period	(19,548)	42,329	(10,977)	41,411	49,420
Net (debt)/funds at the end of the period	(6,563)	27,317	(19,548)	(6,563)	27,317
Operating cash inflow/(outflow) before exceptional items and acquisition related liabilities (see note 5)	4,031	4,797	414	(37,851)	(1,695)

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Notes

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 30 Jun 2004	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
Number of registered subscribers at period end	9,645,971	8,336,186	8,042,492	7,745,058	7,500,393	7,048,395
Number of customers at period end	4,536,793	3,754,856	3,245,477	2,763,289	2,180,016	1,821,830
Number of items sold in period	1,895,466	1,423,053	979,942	1,197,171	994,361	712,011
Number of suppliers at period end	19,563	16,940	15,632	15,514	15,317	15,014

3. Acquisitions

In April 2004, the Group acquired Online Travel Corporation plc ("OTC") for consideration of £46.6 million, which was satisfied on 29 April 2004 by the issue of 23,380,215 new ordinary shares at £1.95 each by lastminute.com. Preliminary goodwill arising on the acquisition has been assessed as £41.9 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 £4.7 million.

On 30 June 2004, the Group acquired lastminute.de for consideration of £31.2 million. The consideration will be satisfied by the issue of 8,229,156 new ordinary shares at £1.81p each and a €24.0 million cash payment (£16.1 million). Preliminary goodwill arising on the acquisition has been assessed as £30.9 million. Net assets included within the preliminary goodwill assessment totalled €0.3 million (£0.2 million). The acquisition has been included in the Group balance sheet as a fixed asset investment as the completion accounts are in the process of being prepared.

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

£000	Quarter ended 30 Jun 2004	Quarter ended 30 Jun 2003	Quarter ended 31 Mar 2004	9 mths ended 30 Jun 2004	9 mths ended 30 Jun 2003
Loss on ordinary activities before taxation	(16,995)	(12,160)	(21,252)	(56,540)	(38,396)
Add: goodwill amortisation (group and associate)	17,072	12,499	14,697	44,769	29,323
Profit/(loss) on ordinary activities before tax (pre goodwill amortisation)	77	339	(6,555)	(11,771)	(9,073)

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

£000	Quarter ended 30 Jun 2004	Quarter ended 30 Jun 2003	Quarter ended 31 Mar 2004	9 mths ended 30 Jun 2004	9 mths ended 30 Jun 2003
Net cash inflow/(outflow) before acquisitions and management of liquid resources and financing	3,392	3,598	295	(39,039)	(8,260)
Add: cash outflow from exceptional items	639	1,179	119	1,188	5,295
cash outflow from acquisition related liabilities	-	20	-	-	1,270
Operating cash inflow/(outflow) (before exceptional items and acquisition related liabilities)	<u>4,031</u>	<u>4,797</u>	<u>414</u>	<u>(37,851)</u>	<u>(1,695)</u>

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

£000s	Quarter ended 30 June 2004	Quarter ended 30 June 2003	Quarter ended 31 Mar 2004	9 mths ended 30 June 2004	9 mths ended 30 June 2003
Operating loss	(18,414)	(12,419)	(19,838)	(55,723)	(38,492)
Depreciation	4,614	2,878	3,795	11,945	7,771
Goodwill amortisation – subsidiary undertakings	17,124	12,351	14,549	44,525	28,879
Net working capital movement	3,446	4,051	9,279	(23,234)	7,386
Net cash inflow/(outflow) from operating activities	<u>6,770</u>	<u>6,861</u>	<u>7,785</u>	<u>(22,487)</u>	<u>5,544</u>

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

£000s	At 30 June 2004	At 30 June 2003	At 31 Mar 2004
Net cash balance at end of Quarter	65,415	28,554	52,471
Convertible Bond (included within creditors due after more than one year)	(70,569)	-	(70,390)
Finance leases	(1,409)	(1,237)	(1,629)
Net (debt)/ funds at end of Quarter	<u>(6,563)</u>	<u>27,317</u>	<u>(19,548)</u>

Included in net cash balances are short term deposits

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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 Group, 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 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.

Pro-forma organic like-for-like growth is calculated on a quarterly basis and represents the quarter-on-quarter like-for-like growth in total businesses, excluding businesses acquired since 30 September 2003, compared to pro-forma organic 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, Med Hotels, First Option, Gemstone, OTC and lastminute.de's customers (excluding repeat customers) since acquisition in October 2000, April 2002, June 2002, July 2002, March 2003, December 2003, January 2004, March 2004 and June 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.