lastminute.com

annual review and summary financial statements 2004

going away

going out

staying in

2004 highlights

lastminute.com aims to strengthen its position as Europe's leading e-commerce lifestyle player by continuing to delight its customers with great value inspiration and solutions.

	Year ended 30 September 2004	Year ended 30 September 2003	Growth
Cumulative unique customers since inception	5,592,919	2,763,289	**102.4%**
Items sold	6,392,323	3,473,595	**84.0%**
Total transaction value (£'000s)	992,281	552,445	**79.6%**
Gross profit* (£'000s)	174,561	100,947	**72.9%**
Gross margin*	17.6%	18.3%	**(0.7)% points**
EBITDA* (£m)	24.1	15.0	**60.0%**
Profit before tax* (£m)	4.6	0.2	**2,200%**
Pre tax loss (£m)	(77.2)	(47.7)	**61.8%**
Earnings per share*	1.54p	0.11p	**1,300%**
Loss per share	(24.56p)	(17.88p)	**(37.4)%**
Net cash balances (£m)	85.9	112.7	**(23.8)%**

*(pre exceptional items and goodwill amortisation)

contents

chairman's statement

In my final communication to shareholders I am pleased to report on lastminute.com's continued progress. As previously stated, the final quarter of the 2004 financial year has been difficult for the travel industry as a whole. Against these market conditions, lastminute.com has continued to perform solidly.

We have now completed the acquisition programme agreed by the Board to deliver scale and industry leading operating margins in all major European countries. The Group's strategic focus on acquisitions during this year has been to expand product, enhance scale in local markets and acquire supporting technology. The first three acquisitions, Med Hotels, First Option and Gemstone Travel have created an opportunity for further growth in the hotels category where margins are good and the returns sustainable. In addition, First Option provides us with a unique marketing opportunity, enabling the Group to re-brand the First Option outlets at principal railway stations and airports as lastminute.com. OTC expanded our trade product and provided excellent technology with which to further develop white label products throughout the Group.

The acquisition of lastminute.de was strategic, creating 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 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.

Strategy

The Group's strategy has remained consistent since its inception in April 1998 – to be the Number 1 independent online travel and leisure group in Europe, providing customers with inspiration and solutions for all their travel and leisure needs.

Acquired businesses have generated scale in either a particular product category or in a relevant geography. In addition to the acquisitive growth, significant organic growth has ensured that the Group has doubled TTV each year during the past four years. We enjoy strong market positions in Europe, particularly the UK, France, Germany, Italy and Spain being our main markets. Lifestyle products remain fundamental in attracting new customers at low cost and differentiate us clearly from our competitors. During the coming year Lifestyle products will be further established across the European markets and help deliver the lowest customer acquisition costs in the industry.

The focus for the 2005 financial year is to integrate the acquired businesses in all countries, remove duplication and overlap in operations and demonstrate the scalability of the model. This process will reduce the cash cost base by some £13.0 million in the 2005 financial year and £16.0 million annually thereafter.

Board changes

Clive Jacobs, who was appointed Vice Chairman following the acquisition of holiday autos in March 2003, stepped 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.

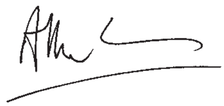
In September 2004 Alan Barber joined the Board as a Non-Executive Director and Chairman of the Audit Committee. I'm sure Alan will make a very valuable contribution to the Group over the coming years.

In October 2004 it was announced that I would step down from the Board at the end of December, at which time Brian Collie will take over as Chairman. I wish Brian and the Group every success for the future.

Finally, David Howell, our Chief Financial Officer, has indicated that he wishes to leave the Group early in 2005. We have initiated a search with external consultants and an update will be given to the market when we have further news.

Outlook

The shift from traditional booking methods towards the internet continues at pace in the travel and leisure sector. External observers suggest that this shift will accelerate over the coming months as customers become more confident with buying online, particularly travel, increasingly use broadband communications as an access tool, demand more flexibility in their travel plans and look to create short breaks, holidays and leisure packages that are unique for them. lastminute.com is well positioned to benefit from these trends.



Allan Leighton
Chairman
25 November 2004

operational review

Overall Total Transaction Value (TTV) for the financial year and quarter 4 2004 amounted to £992.3 million and £398.0 million respectively, compared to £552.4 million and £222.3 million in the previous year. Overall Group organic growth for the financial year and quarter 4 2004 was 24.9 per cent and 27.9 per cent respectively.

Trends

During quarter 4 2004 we saw a continuation of the late booking profile of customers both in the UK and continental Europe. In France that trend was even more pronounced with forward booking patterns falling to a low of 5 days compared with 4 to 6 weeks in the previous year.

The lastminute.com brand grew by 58.2 per cent over the full year. Our leadership position in the UK online travel and leisure sector was enhanced by additional marketing commitment in quarter 4 which helped generate 1.1 million unique customers in the quarter, a growth of 97.3 per cent over the previous year and 35.1 per cent over the previous quarter. Total unique customers for the year amounted to 2.9 million compared with 1.5 million in 2003. Those customers purchased 6.4 million items and 2.1 million items in the year and quarter respectively (2003: 3.5 million, quarter 4 2003: 1.2 million).

During quarter 4 2004 we invested an additional £3.6 million, mainly in the UK, over and above our original marketing budgets to ensure delivery of the summer growth targets. The overall customer acquisition costs for quarter 4 amounted to £9.37 per customer compared with £10.00 per customer in the same period last year, an industry leading position.

lastminute.com has a leading position in the online travel and leisure space in each of its five main markets – UK, France, Germany, Italy and Spain.

Product category review

Dynamic packaging

Dynamic packaging continues to display substantial growth.

It is our strategic business platform moving forward and, following launch in the UK, was introduced in France, Italy and Spain towards the end of 2003 and in Germany in February 2004. The resort product offerings have been substantially expanded, giving customers the flexibility to not only package their weekend break but also their "summer holiday" to the Mediterranean.

In June 2004 an on-site survey revealed that 65 per cent of customers prefer independent travel and are now designing their own itineraries. This gives confidence that dynamic packaging will be one of our major growth products over the coming years. Dynamically packaged Total Transaction Value (TTV) in quarter 4 2004 amounted to £24.5 million compared with £7.0 million in quarter 4 2003, growth of 250 per cent year-on-year.

During 2004 lastminute.com continued to expand the choice available to customers through dynamic packaging to incorporate:

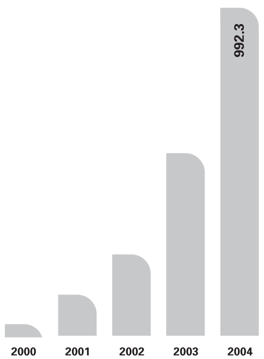
- access to Eurostar's sales inventory during March 2004. This provides access to real time ticket availability and pricing enabling customers to search for comprehensive travel options between London and Paris or Brussels
- a significantly expanded hotel portfolio by integrating the Med Hotels products, and products from two third party hotel chains, Boscolo and Jac. These provide more breadth and depth to the hotel range, particularly for resort based hotels.
- access to charter flights so that customers can create their own package holiday
- tours and attractions, following the integration of Viator products
- transfers between airport and hotel, now available in many city and resort destinations
- flights from a number of low cost airlines
- an ability to compare the costs of a dynamic package to a third party holiday
- pre-packaged entertainment, theatre and restaurants packages

Based on current trends, dynamic packaging is on track to be at least 25 per cent of total Group TTV in 3 to 5 years.

Package holidays

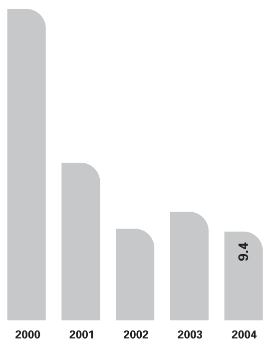
Sales of package holidays on behalf of tour operators, including in-house, where we provide access to industry leading search capabilities, remain important to the Group. Total package holiday TTV generated in the year and quarter 4 2004 respectively amounted to £257.1 million and £102.5 million compared with £188.5 million and £69.7 million in the previous year.

TTV (£m)



EBITDA pre exceptional items (£m)

Customer acquisition costs* (£)



* Customer acquisition costs are defined as external media spend over the number of unique customers in the period

Flights
Overall flight only sales for the year totalled £271.7 million (2003: £155.9 million). Flight only sales are principally sourced from the major scheduled airlines. Total flights TTV in quarter 4 2004 amounted to £94.7 million compared with £51.2 million in quarter 4 2003, growth of 85.0 per cent.

Hotels
Hotel bookings remain fundamental to the overall Group performance, generating improving margins with one of the highest adoption rates by customers. Total hotel TTV for the year was £217.5 million (2003: £45.9 million) and for quarter 4 2004 amounted to £98.7 million (quarter 4 2003: £16.0 million). We now have access to approximately 100,000 hotels, of which 15,000 are directly contracted.

We filled over 6 million hotel room nights internationally during the year. Our most recent deal with IHG gives lastminute.com access to over 500,000 international hotel rooms.

Car hire
Car hire generates the highest overall gross margins with the product being supplied by over 180 suppliers in 4,000 locations. Total car hire sales amounted to £200.4 million in the year compared to £133.3 million reported in 2003 for a seven month period. TTV in quarter 4 2004 amounted to £82.5 million (quarter 4 2003: £74.8 million), growth of 10.3 per cent.

During the year, customers rented over 1 million cars from lastminute.com.

Lifestyle and non-travel items
The lifestyle products are key to generating and retaining customers at low cost with high repeat visits and bookings. Lifestyle and non-travel TTV amounted to £45.6 million in the year (2003: £28.9 million) and £19.6 million in quarter 4 2004 (quarter 4 2003: £10.6 million), therefore delivering organic growth of £57.8 million for the year. In terms of items sold, lifestyle grew organically in the year by 61.9 per cent.

For the year over 200,000 lastminute.com customers enjoyed Days Out Experiences. In addition, we have access to 115 of the top 150 theatres in the UK, more than any other third party operator.

Acquisitions
The acquisition programme to generate scale in both product categories and principal countries is now complete. We have generated industry leading margins and scale in the 5 main European markets where we focus.

In December 2003 we announced the purchase of Med Hotels, a UK hotel consolidator and package holiday reseller under the Travel Bargains brand, for £22.2 million and in January 2004, the purchase of a reseller of UK hotel rooms through both a call centre based in Stockport and retail outlets based in UK mainline railway stations and airports, First Option Hotel Reservations Ltd (First Option), for £12.2 million.

These acquisitions created opportunities for further growth in a product category where customer adoption is excellent and the margin is improving. The presence at principal UK railway stations and airports has added significantly to the overall reach of the lastminute.com brand and continues the delivery of our mission to make lastminute.com a part of people's daily lives. These acquisitions, together with the existing hotel category, make us one of the leading European players in online hotels sales in the UK, generating in excess of 6.0 million room nights annually.

In March 2004 we announced the acquisition of Gemstone Travel Limited for £2.9 million. Gemstone is a reseller of package holidays and charter flights mainly through a call centre based in Surrey. This business is being integrated with Travel Bargains to further leverage scale and reduce costs.

In March 2004 we also 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 the OTC's significant white label operations to lastminute.com's leading branded consumer business has created an even more powerful force in the European online travel and leisure sector. The acquisition completed at the end of April 2004.

The OTC acquisition was 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 the OTC gross margin through increased scale are expected to generate annualised operating synergies during the financial year to 30 September 2005. These synergies form part of the annual savings of £13.0 million to be achieved in 2005.

These acquisitions have added to the overall scale of the Group, enabling us to develop new or enhanced relationships with key suppliers, including pan European deals with American Airlines, KLM and Air Berlin and worldwide relationships with hotel suppliers such as InterContinental Hotels Group, Hilton International and Radisson Edwardian. These new agreements ensure that we continue to deliver the most comprehensive service to our customers through product of the highest quality and the best available prices.

In June 2004, we announced the strategic acquisition of the lastminute.de group of companies in Germany. lastminute.de offers online access to package holidays to German consumers to all popular travel destinations. Following this acquisition, lastminute.com occupies the leading online position in Germany.

Integration of acquisitions and cost reduction programme
Recent acquisitions have taken our business to scale but have also made our organisation more complex. We have entered a period of integration and consolidation in order to eliminate duplicate functions, increase operating

efficiencies and enhance margins. The integration plans will ensure that the Group remains the most dynamic and innovative company in the sector and will drive future business growth.

The objectives of these programmes for 2005 are now to:

- reduce the 2004 cash operating costs
- reduce the number of offices by 12
- reduce our headcount by at least 355
- generate savings of £13.0million in financial year 2005

The actions taken so far ensure we are on track to deliver those savings across a number of areas in the businesses, both in the UK and internationally.

To date, we have streamlined the senior management team and integrated the marketing and production teams in the UK, cutting 45 roles and saving £4.5 million annually, planned to rationalise the number of technology product platforms that we operate to save £1.0 million annually, started to consolidate and automate certain of our call centres and customer service functions saving 105 jobs and generating savings of £2.5 million per annum, started a process in our European offices to consolidate premises and functions saving a further £3.0 million per annum, leveraging our procurement processes to generate savings of £1.0 million annually and streamlining our other international operations to save a further £1.0 million annually.

Strengthening the management team

As part of its ongoing strategic business review the Group has created the new role of Chief Information Officer to manage the global technology team. Mike Remedios joins from Star Solutions in the US, a business development and consulting company founded by him in 2002. Prior to Star Solutions, Mike was responsible for Kmart's e-commerce and ISP subsidiary, BlueLight.com a site that has in excess of 1.2 million visitors per day, where he gained a broad range of technical experience. Mike also has extensive experience with supply-chain re-engineering, acquisition integration and outsourcing.

In November 2004, we announced the appointment of Phil Clark as Investor Relations Director to improve our communication with analysts and shareholders and to recognise the strategic importance of this activity.

Current trading

At this stage we anticipate that TTV for quarter 1 2005, our seasonally weakest quarter, will be between £245 million and £255 million, an increase of over 70 per cent (pro forma 25 per cent increase year-on-year) over quarter 1 2004 and overall gross margins based on current mix of around 16 per cent, as expected. Costs for the quarter are anticipated to be in line with our expectations.

Brent Hoberman
Chief Executive Officer
25 November 2004

financial review

The year to 30 September 2004 has seen a continuation of our path to profitable growth, despite the underperformance in the UK business, which was affected by integration issues, which had a negative impact on our operations. This has now been addressed by management reorganisation and our post summer integration plans.

For fiscal year 2004, we post record total transaction value (TTV), high organic growth and sustainable, industry leading retail margins. We exit the 2004 financial year with annualised TTV of over £1.0 billion.

During 2004 we also delivered profit before tax (pre exceptional items and goodwill amortisation) of £4.6 million, EBITDA (pre exceptional items) of £24.1 million, earnings per share of 1.45p for the year (pre exceptional items, goodwill amortisation and taxation) and operating cash inflow, pre exceptional items, of £9.4 million. We close the year with a forward order bank of £64.3 million compared with £43.6 million at the end of 2003.

Total transaction value, turnover and gross profit
TTV, turnover and gross profit all show considerable growth over 2003. This growth has been driven by a strong organic performance, especially in the lastminute.com brand and partly fed by acquisitions. Strong organic growth in France has also helped to deliver this performance.

TTV
TTV relates to the gross value of sales for products and services delivered through our websites and other platforms. For the year to 30 September 2004 departure based TTV amounted to £992.3 million, up from £552.4 million in the prior year. The five acquisitions made during the financial year contributed £247.9 million to this result and £130.5 million in quarter 4.

Group organic, like-for-like growth amounted to 24.9 per cent in the year. The lastminute.com brand grew by 58.2 per cent in the same period reflecting the shift to customers booking online.

Departure based TTV during the key quarter 4 amounted to £398.0 million compared to £222.3 million in the previous year. The organic growth rate in this period amounted to 27.9 per cent.

Turnover
Total turnover (including our share of joint ventures) for the year amounted to £440.1 million, representing an increase of 130.8 per cent over the previous financial year (2003: £190.7 million).

The associated cost of sales for the year was £265.0 million (2003: £87.4 million).

The increased levels of both turnover and costs of sales relate to the organic growth in the existing businesses at 1 October 2003 and the acquisitions.

Gross profit
Gross profit for the financial year amounted to £174.6 million (2003: £100.9 million), growth of 72.9 per cent year-on-year.

Gross profit is made up of the commissions and income earned on the products and services sold by the Group and the revenues earned from sponsorship and advertising on both the websites and the newsletter.

The gross margin of 17.6 per cent for the year compares to 18.3 per cent in 2003. The year-on-year change reflects the different product mix in the current financial year.

A review of our overseas expenditure during the financial year identified an opportunity to reduce VAT costs we have incurred and which we have previously borne as a cost. Consequently there is a £4.4 million contribution to gross profit. We had anticipated an additional contribution of some £2.0 million but, as we have not concluded negotiations with the tax authorities on this sum, we have taken the view that this should not be recognised until those negotiations are successfully completed. The annualised effect going forward of these operational changes will be a contribution of at least £5.0 million to gross profit, provided the current legislation relating to indirect taxes remains intact across Europe. This benefit is within our current expectations for gross margin.

For the key summer quarter we delivered gross profit of £72.4 million, compared with £45.2 million in 2003, an increase of 60.1 per cent.

Operating costs
Overall operating costs, before depreciation and goodwill amortisation, amount to £150.5 million compared with £85.9 million in the previous year. The increase mainly reflects the post acquisition cost bases of the five acquisitions made during the financial year and the full year effect of the 2003 acquisitions and TTV growth. The acquired businesses will be integrated during the 2005 financial year.

Product development costs
Product development costs consist of the costs associated with maintaining the hardware and software platforms on which the websites and other technology platforms exist. Overall product development costs amount to £7.5 million for the year, an increase of 61.8 per cent compared to last year. That increase principally arises from the development costs associated with the acquired businesses.

Sales and marketing costs
Sales and marketing costs, excluding agents' commission, totals £69.5 million for the year to 30 September 2004 compared to £44.9 million in the prior year. The increase reflects the effect of acquisitions and the decision to invest a further £3.6 million in marketing during quarter 4. As a percentage of TTV these costs represent 7.0 per cent this year compared with 8.1 per cent last year.

Agents' commission relates to the commission paid to travel agents for the sale of car hire products and Mediterranean Hotels through high street travel agents. Total agents' commission was £35.7 million in the year, 3.6 per cent of TTV, compared to £17.1 million last year, 3.1 per cent of TTV. The year-on-year increase reflects the addition of Med Hotels from December 2003 and the growth in the sales of holiday autos products.

General and administration costs
General and administration costs for the year increased from £19.4 million in the year to 30 September 2003 to £37.9 million. This increase again reflects the post acquisition costs associated with the acquired businesses and the increased scale in TTV. General and administration costs were 3.8 per cent of TTV (2003: 3.5 per cent).

Operating exceptional items
Net operating exceptional items amount to £15.2 million in the year (2003: £5.1 million). The exceptional items mainly relate to the reorganisation and rationalisation of the various businesses both in the UK and internationally and the consequent disruption associated with that reorganisation.

financial review continued

Of these amounts £5.4 million relates to redundancy costs, £1.9 million of project management fees relating to the integration, £2.0 million of property provisions relating to potential future rents and dilapidations, a one-off charge relating to operational inefficiencies as a result of the relocation of UK Finance and Operations to Camberley of £2.2 million and £3.7 million as a consequence of the various reorganisations and moves to Oracle accounting in a number of businesses. An analysis of this charge shows that £8.9 million relates to cash items and £6.3 million to non-cash items.

EBITDA

EBITDA, pre exceptional items, for the year to 30 September 2004 amounts to £24.1 million (2003: £15.0 million). The significant growth, 60.0 per cent, derives from the gross profit associated with the growth in TTV net of the changes in the cost base and the positive effect of the acquired businesses. During quarter 4 EBITDA amounted to £22.3 million (2003: £14.2 million).

Depreciation and goodwill amortisation

Depreciation principally relates to the depreciation of computer systems and capitalised software developments. For the year to 30 September 2004 that charge amounted to £16.5 million (2003: £14.8 million). Capitalised software development is written off over two years. As a consequence of the 2004 acquisitions depreciation will increase in 2005.

Goodwill amortisation for the year amounted to £66.6 million (2003: £42.9 million). Goodwill on acquired businesses is amortised over four years from the point of acquisition. The substantial increase in this charge in 2004 relates to the full year effect of the businesses acquired in 2003 and the proportion of the acquisitions made in 2004 that relates to this financial year.

Profit on ordinary activities before taxation (pre exceptional items and goodwill amortisation)

The profit on ordinary activities pre exceptional items and goodwill amortisation amounted to £4.6 million for the year compared to £0.2 million in the corresponding period last year. The loss on ordinary activities before taxation amounted to £77.2 million (2003: loss £47.7 million).

Interest received of £2.7 million consists of £1.7 million of deposit interest and £1.0 million of foreign exchange gain on the translation of the convertible bond to Sterling. Interest paid of £6.0 million consists of £1.3 million of bank interest and charges, £0.1 million of finance lease interest and £4.6 million of interest payable on the convertible bond.

Earnings per share

Pre goodwill amortisation the Group generated earnings per share (pre exceptional items and goodwill amortisation and taxation) of 1.45p compared to 0.08p in 2003. The overall loss per share for the year amounted to 24.56p (2003: loss 17.88p). The principal component to this increase relates to the increased goodwill amortisation charge. This additional amortisation contributed 7.67p loss per share.

Net cash balance and cash flow improvements

At 30 September 2004 the Group net cash balance (net of overdraft usage but before the convertible loan) amounted to £85.9 million (30 September 2003: £112.7 million). The convertible loan balance at that time amounted to £68.7 million (2003: £69.3 million).

During the year the Group generated an operating cash inflow of £38.9 million (2003: £29.1 million). The main use of that cash inflow was to fund exceptional items and acquisition related liabilities of £14.2 million, capital expenditure of £25.0 million and acquisitions net of acquired cash of £25.0 million. The issue of share capital generated cash of £1.6 million.

It is anticipated that the operating cash outflow during quarter 1 2005, our seasonally weakest quarter for cash generation, will amount to approximately £50 million. The increase in this amount since our July statement is partly explained by an improved opening net cash position of some £16.0 million, an improved trading performance in holiday autos and Med Hotels, where those businesses do not benefit from the negative working capital nature of the lastminute.com Group and a higher than anticipated proportion of flight only sales in quarter 4. Subsequent quarters of financial year 2005 should all be cash generative, as demonstrated in previous years. The Group now has revised bank overdraft facilities of £20 million.

Treasury policies and risk management

The Group finances its operations by a combination of internally generated cash flows, finance leases, overdraft facilities and fixed rate convertible bonds that were issued in September 2003 – €102.6 million, with 6.0 per cent coupon.

The Board sets the treasury polices used by the Group including the parameters within which treasury risk management is operated.

The Group's principal market risk is currency exchange risk especially in relation to the US Dollar and the Euro. The Group enters into a limited number of derivative transactions to manage currency exposures from its operations. The Group policy is to hedge known exposures. Throughout the period no speculative positions in currencies have been taken.

At 30 September 2004 the Group has not hedged its Euro exposure arising from the convertible bonds as this acts as a natural hedge in time for the dividends that will accrue from our European subsidiaries.

Cash balances are deposited with AAA rated institutions and earn interest at competitive rates, current rates range from 2.1 per cent to 4.6 per cent.

US Listing

On 15 July 2004 we announced our intention to voluntarily de-list from the Nasdaq National Market, to terminate our American Depositary Receipt facility and to seek ways in which we could terminate our reporting obligations under the US Securities Exchange Act. The Group can now confirm that its ADR facility has been terminated and its Nasdaq listing has been cancelled. We can also now confirm that on 24 November 2004, following a significant review of our US shareholder base and continuing requirements for registration under the Act, we filed a certification and notice of termination of registration under the Act and suspension of our previous requirements to file reports under that Act. This filing is fully effective after a ninety-day period, following which compliance with US reporting requirements will no longer be required. The Group does not therefore expect to file a Form 20-F for the year ended 30 September 2004.

David Howell

David Howell
Chief Financial Officer
25 November 2004

board of directors

Allan Leighton
Aged 51. Allan was appointed Chairman of the Company in October 2000 and will be leaving the Company on 31 December 2004. He previously served as President and Chief Executive Officer of Wal-Mart Europe. He worked at Asda Group from June 1992 to November 2000 and was Group Chief Executive from 1996 to 2000. Allan is also the Chairman of Royal Mail Group plc and British Home Stores Limited and a Non-Executive Director of BSkyB PLC and George Weston Limited.

Brent Hoberman
Aged 36. Brent was the co-founder of lastminute.com and has been the Chief Executive Officer of the Company since inception. Previously Brent was a Senior Associate at Spectrum Strategy Consultants, held the business development responsibilities at Line One, an internet service provider owned by News International, British Telecom and United News & Media. He was also part of the founding team of the European auction site, QXL.

Martha Lane Fox
Aged 31. Martha was the co-founder of lastminute.com and was Group Managing Director of the Company until 31 December 2003 following which she became a Non-Executive Director. From May 1997 to April 1998 she was Business Development Manager at Carlton Communications. Prior to that she was an Associate at Spectrum Strategy Consultants, where she specialised in pay television and managed teams both in the UK and Asia.

David Howell
Aged 55. David was appointed Chief Financial Officer and an Executive Director of the Company in July 2001. Prior to this appointment he was Group Finance Director of First Choice Holidays PLC between 1997 and 2001. Previously David was Group Finance Director of Central Transport Rental Group PLC and Group Chief Executive of GN Comtext Limited, a subsidiary of GN Great Nordic. David was previously a Non-Executive Director of Nestor Healthcare Group PLC from 1999 until October 2003 and was appointed Director of the Berkeley Group plc in February 2004. In November 2004, the Company announced that David will be leaving the Company in early 2005.

Ian McCaig
Aged 38. Ian was appointed a Director of the Company on 20 November 2003 and has been the Chief Operating Officer of the Group since August 2003. Previously Ian has held senior management positions at Nokia, most recently as a Global Vice President.

Bob Collier +
Aged 64. Bob has been Vice Chairman and a Non-Executive Director of the Company since February 2000, and was previously a Director of Last Minute Network Limited from October 1998. He previously served as a Vice Chairman of Saison Overseas BV, the former parent company of Intercontinental Hotels Group, after serving as Joint Managing Director of InterContinental Hotels Group from 1994 to 1997. He is Non-Executive Chairman of both Bristol Golf Club Ltd and Myhotels Limited, and is also a Non-Executive Director of Green Globe Limited, London Wasps Holdings PLC, Daniel Thwaites Plc and Pegasus Solutions Inc.

Brian Collie *+
Aged 50. Brian has been a Non-Executive Director of the Company since February 2000 and takes over from Allan Leighton as Chairman in January 2005. He has been Group Retail Director and an Executive Director of BAA plc since 1997, responsible for all commercial income at BAA's airports globally, and was responsible for establishing World Duty Free, the international duty free subsidiary of BAA; he was previously Retail Director at Gatwick Airport. Brian is also a Non-Executive Director of Jurys Doyle Hotel Group plc.

Agnès Touraine *+
Aged 49. Agnès was appointed as a Non-Executive Director in May 2003. Based in France, she is a well respected and experienced businesswoman in both growth and large scale businesses. In her previous role she was Chairman and CEO of Vivendi Universal Publishing and has held a number of senior executive and consultancy positions, principally within media and publishing businesses, during her career. Agnès is currently the managing Partner of Act III Consultants, a management consultancy firm.

Sven Boinet *
Aged 51. Sven was appointed as a Non-Executive Director in August 2003. During the 15 years to January 2003, he was with the Accor Group. During that period he was a member of the Executive Board and responsible for worldwide hotels and gaming. He was also CEO of their Leisure Division. He is currently a Non-Executive Director of Geodis, France's largest road transport company and Pierre et Vacances, the largest French leisure residential company.

Alan Barber +
Aged 57. Alan was appointed Non-Executive Director and Chairman of the Company's Audit Committee in September 2004. He previously worked at KPMG for 35 years until May 2004, where he had been a senior partner since 1979. During his time at KPMG he held a number of senior management and client positions covering a broad range of services including travel and retail. Alan is currently a Non-Executive Director of Teather & Greenwood.

+ Member of the Audit Committee
* Member of the Remuneration Committee

Summary Directors' report

The full Directors' report is set out on page 12 of the Group's annual report.

Principal activities
A detailed review of the business of the Company and its subsidiary undertakings and an indication of likely future developments are contained in the Chairman's Statement, the Operational Review and the Financial Review on pages 1 to 6.

Dividends
The Directors recommend that no dividend be paid for the year ended 30 September 2004 (2003: £nil).

Directors and their interests
The names of the Directors at the date of this report, together with their biographical details, are set out on page 7. The interests of Directors in the ordinary shares of the Company are given in the Summary Director's remuneration report on pages 9 to 15. All the Directors held office throughout the year other than Alan Barber (appointed on 16 September 2004). Clive Jacobs was also a director of the Company until 30 June 2004.

In accordance with the Articles of Association, Alan Barber who has been appointed a Director since the last Annual General Meeting, will retire at the forthcoming Annual General Meeting and will offer himself for election.

Substantial shareholders
As at 25 November 2004, the Directors had been notified of the following notifiable interests representing 3 per cent or more of the issued share capital of the Company.

	Number of ordinary shares	%		Number of ordinary shares	%
Fidelity International	47,362,367	13.92	The Goldmans Sachs Group	23,787,175	6.99
Standard Life	33,814,593	9.94	Brent Hoberman	15,836,133	4.65
The Capital Group Companies Inc	27,116,734	7.97	Legal & General	15,516,572	4.56

Political and charitable donations
The Group made charitable donations of £nil during the year (2003: £nil). No political donations were made during the year (2003: £nil).

Auditors
Ernst & Young LLP acted as auditor to the Company throughout the year. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting
The Annual General Meeting of the Company will be held at Arundel House, 13-15 Arundel Street, London WC2R 3DX on 3 March 2005 at 10.00am. The notice of meeting is set out in the circular to shareholders dated 25 January 2005.

By order of the Board

Simon Watkins
Secretary
25 November 2004

Summary Directors' remuneration report

Introduction

This report has been prepared in accordance with the provisions of the new Combined Code on Corporate Governance. The report is divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration Committee

The Remuneration Committee is responsible for developing policy on remuneration for Executive Directors and senior management and determining specific remuneration packages. Brian Collie is Chairman of the Committee and Agnès Touraine and Sven Boinet are Committee members; they are all independent Non-Executive Directors. The Remuneration Committee members have no personal financial interest other than as shareholders in matters to be decided, no potential conflicts of interests arising from cross directorships and no day-to-day involvement in running the business.

The Group HR Director and Group Company Secretary also attend Remuneration Committee meetings and other Executive Directors attend when required except that no Executive Director takes part in discussions relating to their own remuneration and benefits. The Remuneration Committee received wholly independent advice on executive compensation and incentives only from Halliwell Consulting during the year.

The Remuneration Committee is formally constituted with written Terms of Reference. A copy of the Terms of Reference is available to shareholders by writing to the Group Company Secretary at the registered office, details of which are set out on page 20 of this annual review and summary financial statement. The Remuneration Committee formally met twice during the year.

The Board have reviewed the Group's compliance with the Code on remuneration related matters. It is the opinion of the Board that the Group complied with all remuneration related aspects of the Code during the year.

Remuneration policy overview

Following a full review of Executive Director and senior management remuneration completed in December 2003, shareholders approved a new remuneration policy at the 2004 AGM. The Remuneration Committee's new policy as operated in 2004, and expected to be operated in the foreseeable future, is to set the main elements of the remuneration package for Executive Directors at the following quartiles in comparison to the Company's Comparator Group:

Base salary	Annual bonus potential	Pension	Benefits in kind	Share incentives
Lower Quartile	Medium to Upper Quartile	Market Practice	Market Practice	Upper Quartile

The Remuneration Committee will continue to review the policy on an annual basis to ensure that it is in line with the Company's objectives and shareholders' interests. The objective of the remuneration policy is to provide remuneration packages that will motivate and retain talented people in the business and enable the Company to be competitive when recruiting appropriately skilled and experienced newcomers. The Remuneration Committee believes that the policy will retain and develop further the Group's entrepreneurial culture whilst also focusing the majority of executive remuneration on performance, which the Committee believes will best serve shareholders' interests. It is therefore the aim of the Remuneration Committee to encourage and reward superior performance by Executives.

It should be noted that the real value received by the Executive Directors under the share incentive arrangements will be dependent upon the degree to which the associated performance conditions have been satisfied at the end of the three year performance period and the share price of the Company at that time.

Comparator Group

The Company's Comparator Group for 2004 for the purposes of benchmarking remuneration and comparative performance was:

Amazon	Luminar
Arena	Manchester United
Burberry	Merchant Retail
Carphone Warehouse	Monsoon
Easyjet	MyTravel
Ebay	N Brown
Ebookers	New Look
First Choice	Next
Game Group	Punch Taverns
HMV	Restaurant Group (formerly City Centre Restaurants)
Holidaybreak	Sportech
InteractiveCorp	Ted Baker
LA Fitness	Wembley

The basis of the selection of this Comparator Group was:

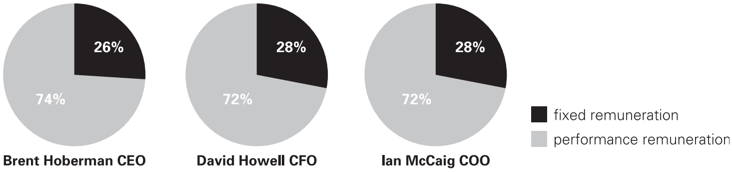
- retail companies with a comparable market capitalisation to that of Company;
- retail companies with a significant online presence;
- leisure and travel companies with which the Company competes for similar customers' spend; and
- US based companies competing in a similar market or fashion to lastminute.com.

On an ongoing basis the Remuneration Committee, with input from the Executive Directors, will continue to review the Comparator Group to ensure that it is appropriate given the current stage of the Company's development and market factors generally.

Summary Directors' remuneration report continued

Fixed and variable remuneration

The charts below demonstrate the balance between fixed and variable performance based pay for the year ended 30 September 2004 for each of the current Executive Directors:



Key

Fixed remuneration is calculated as: salary, pension, benefits.
Performance remuneration is calculated as: bonus available, face value of LTIP on grant, fair value of options on grant.

The main elements of these packages and the performance conditions are described below.

With the exception of David Howell, who has been a non-executive of The Berkeley Group plc and Nestor Healthcare Group plc during the year, the Executive Directors do not have any external appointments as directors of other companies. The Remuneration Committee has permitted David Howell to retain his earnings from his external appointments, which amounted to £30,000 during the year.

Elements of Executive Directors' remuneration

Basic salary

The Remuneration Committee reviewed the Executive Directors' salaries in 2003 and decided to adjust salary levels to around the lower quartile (twenty fifth percentile) position of the Comparator Group but phased over the course of the year. It was the view of the Remuneration Committee that a significant increase in salary (33%) was required for the CEO in order to move his salary level to a comparative position within the Executive Director team. The table below shows the overall salary increases implemented over the year. (Details of actual amounts paid are set out in the audited section of the report).

Name	Salary 2003	Current salary	Percentage increase	Lower quartile of Comparator Group
Brent Hoberman CEO	£150,000	£200,000	33%	£234,000
David Howell CFO	£140,000	£160,000	14%	£154,500
Ian McCaig COO	£135,000	£148,000	9.5%	£190,750

The Committee believes that this approach is appropriate given the need to both reward and motivate Executive Directors to lead the Company through the next stage of its development, but also ensures that the fixed cost of the Executive Director team to shareholders is minimised.

When determining the salary of the Executive Directors the Remuneration Committee takes into consideration:

- the levels of base salary for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity, in particular the lower quartile salary levels of those companies within the Comparator Group;
- the performance of the individual Executive Director;
- the individual Executive Director's experience and responsibilities; and
- pay and conditions throughout the Company.

The lastminute.com plc Annual Share Bonus Plan (the "ASB") – approved at the 2004 AGM

The policy is to set the maximum annual bonus potential between the median and the upper quartile in relation to the Comparator Group. The following table shows the split between the maximum immediate cash bonus, bonus share and deferred bonus share potential for participants in the ASB:

Position	Maximum annual bonus potential	Cash element	Bonus shares	Deferred Bonus Shares (based on pre-tax value of bonus shares)
Executive Director	100%	50%	25%	25%

Deferred Bonus Shares will only be released if the executive is still employed by the Company at the end of the three year deferral period from the Award Date. If the executive disposes of any of the Bonus Shares during the three year deferral period a corresponding proportion of Deferred Bonus Shares will be forfeited.

The maximum bonus potential available for the Executive Directors for the financial year 2003/4 was 100% of salary with performance targets being based on EPS (25%), EBITDA (50%) and individual targets (25%). The financial targets were not met and therefore no bonuses have been paid to Executive Directors under the ASB during the year. The same bonus parameters and performance measures will be operated for the financial year 2004/5.

Bonus targets are reviewed and agreed by the Remuneration Committee at the beginning of each financial year. Bonus payments are not pensionable.

Share incentives

Overview

The Company has previously operated the 1998 Unapproved and the 2000 Approved and Unapproved Executive Share Option Schemes.

At the 2004 AGM shareholders approved a change to the operation of the existing Option Schemes and the introduction of the new lastminute.com plc Long-Term Incentive Plan (the "LTIP") as part of the new remuneration policy for Executive Directors and senior management. Both these Plans have been operated by the Company during 2004.

New policy

The Remuneration Committee aims to provide annual rather than one-off share grants to Executive Directors at the upper quartile level compared to the Comparator Group. The Remuneration Committee's policy is that the maximum combined awards of options and LTIPs will not exceed 300% of salary p.a. The following table sets out the combined grants made to Executive Directors during 2004:

Position	Long-Term Incentive Plan (% of salary)	Existing option scheme (% of salary)	Total annual share award (% of salary)	Upper quartile of Comparator Group
Brent Hoberman CEO	100%	200%	300%	200%
David Howell CFO	100%	150%	250%	200%
Ian McCaig COO	100%	150%	250%	200%

The above grant levels approved by shareholders were set as an introductory grant policy on the implementation of the new share incentive arrangements. It is anticipated that ongoing grant levels will be lower.

Existing grants (prior to the 2004 AGM)

Type of incentive	Vesting period	Frequency of grant	Performance condition
Options to Executive Directors and Senior Employees	Step Vesting over a three year period with a percentage vesting each month.	One-off on recruitment with top up grants when necessary.	No performance conditions.
December 2002 Option to CE0	Three years		Group Profitable over 2 successive quarters (pre-tax profit and pre goodwill amortisation); and EPS growth of RPI+3%p.a.over a three period or failing this EPS growth of 9% over RPI over any successive 4 year period.

Grants During Year

Type of incentive	Maximum annual grant % of salary	Vesting period	Frequency of grant	Performance condition for 2004 grants
Options	No individual scheme limit but subject to the overall limit of 300% of salary.	3 Years (no-retesting)	Annual	**EPS growth above RPI and a TSR underpin:** Basic EPS Growth and % of Option Vested **Less than RPI+5%p.a.** – 0% **RPI + 5% p.a.** – 20%* **RPI +10% p.a.** – 30%* **RPI +20% p.a. and greater** – 100%*
LTIP Awards	200%	3 Years (no-retesting)	Annual	**Comparative Total Shareholder Return ("TSR"):** TSR Position Against Comparator Group and % of Shares Released **Below Median** – 0% **Median** – 30%* **Upper Quartile** – 100%*

*There is straight line vesting between points

Details of all grants are set out on page 15.

Summary Directors' remuneration report continued

Performance condition selection & measurement

Options

The Remuneration Committee felt that EPS growth as a key performance measure for the Company was an appropriate performance condition for the vesting of options. The Remuneration Committee took the following factors into account when deciding the appropriate EPS performance measure for grants of options during 2004:

- the median and upper quartile historic levels of year on year growth in EPS for the Comparator Group companies; and
- the projected EPS growth for the Company provided by external analysts.

Given the Company's transition to profitability and the corresponding low EPS base point, in addition to challenging EPS growth targets, the Remuneration Committee has decided that option vesting will also be subject to a Total Shareholder Return ("TSR") underpin. As such option vesting will only occur if the Company's TSR performance is at least at the median position within the Comparator Group.

LTIPs

Comparative TSR was selected as the performance condition for LTIP awards by the Remuneration Committee as it ensures that Executive Directors have outperformed their peers in the Comparator Group over the measurement period in delivering shareholder value before being entitled to receive any of their awards irrespective of general market conditions.

General

The Remuneration Committee will satisfy itself that the recorded TSR is a genuine reflection of the underlying financial performance of the Company.

Measurement

The Remuneration Committee determines whether the performance conditions for share awards or options are satisfied. Where performance requirements are based on EPS the Committee will use the principles behind the audited figures disclosed in the Company's financial statements, and may take advice from independent advisors as to whether any adjustments are required to ensure consistency in accordance with the terms of the performance conditions. Where the performance measure is TSR, Halliwell Consulting, the Remuneration Committee's advisors, will calculate the TSR in accordance with agreed principles.

Dilution

The current operation of the Company's share plans is within the ABI limits on both an annual and rolling basis for all share plans and discretionary share plans.

Shareholding requirement

Senior management, Executive Directors and members of the Operating Board who have been selected to participate in the ASB, Option Schemes and LTIP will be required to retain a proportion of the share awards released (or options exercised) each year to build up the shareholding requirement over a five-year period. The following table shows the minimum shareholding requirement as a percentage of salary which participants will be required to build up over a five-year period from March 2004:

Position	% of salary at end of five year period
Brent Hoberman CEO	250%
David Howell CFO	200%
Ian McCaig COO	200%

When considering whether the participant has met the minimum shareholding requirement the Remuneration Committee will take into account all shares held by the Executive Director. Participants will only be required to meet the minimum shareholding requirement from shares provided through the Company share arrangements.

Pension

In line with the standard employee package, the Company provides each Executive Director with a salary supplement of 14% of basic salary, which may be taken by way of a contribution to their individual pension arrangements.

Benefits in kind

Benefits comprise life assurance, permanent health and private medical insurance.

Other remuneration matters

SAYE Scheme

The Company operates an Inland Revenue approved savings related share option scheme for the benefit of Group employees. Eligible employees, including Executive Directors and Operating Board members, may be granted options over the Company's shares at a discount of up to 20% to the prevailing market price at the time of grant of the option, which (subject to certain conditions) can be exercised after either three or five years.

Approximately 12% of eligible Group employees currently participate in the Scheme.

The lastminute.com plc Share Incentive Plan ("SIP")

Shareholders approved a standard Inland Revenue approved SIP at the 2004 AGM. The Company has not operated the SIP during the year.

Executive Directors' Contracts

Details of the service contracts of the Executive Directors of the Company are as follows:

Name	Company notice period	Contract date	Unexpired term of contract (months)	Potential termination payment	Potential payment upon company takeover	Potential payment in event of liquidation
Brent Hoberman CEO	6 months	24 February 2000	Rolling Contract	6 months' notice	Nil	Nil
David Howell CFO	6 months	21 June 2001	Rolling Contract	6 months' notice	Nil	Nil
Ian McCaig COO	6 months	1 August 2003	Rolling Contract	6 months' notice	Nil	Nil

There are no special provisions in service contracts relating to cessation of employment or change of control. The policy on termination is that the Company does not make payments beyond its contractual obligations and Executive Directors will be expected to mitigate their loss. In addition, the Remuneration Committee ensures that there have been no unjustified payments for failure. None of the Executive Directors' contracts provides for liquidated damages.

Non-Executive Directors

All Non-Executive Directors have letters of engagement from the Company and their remuneration is determined by the Board based upon recommendations from the Chairman and Chief Executive (or, in the case of the Chairman, based on recommendations from the Remuneration Committee and the Chief Executive) and is within the limits set by the Articles of Association.

During the year Allan Leighton received reimbursement for reasonable expenses. Sven Boinet, Brian Collie, Bob Collier, Martha Lane Fox and Agnès Touraine received fees of £20,000.

Until 2001, the Company granted options to certain Non-Executive Directors in lieu of cash fees. Details of options granted to Non-Executive Directors are set out on page 15. From 2001, the Company's policy has been that Non-Executive Directors are no longer able to participate in any bonus plan or share incentive programme operated by the Company and are not entitled to pension contributions or other benefits provided by the Company.

Details of the terms of appointment of the Non-Executive Directors are set out in the table below:

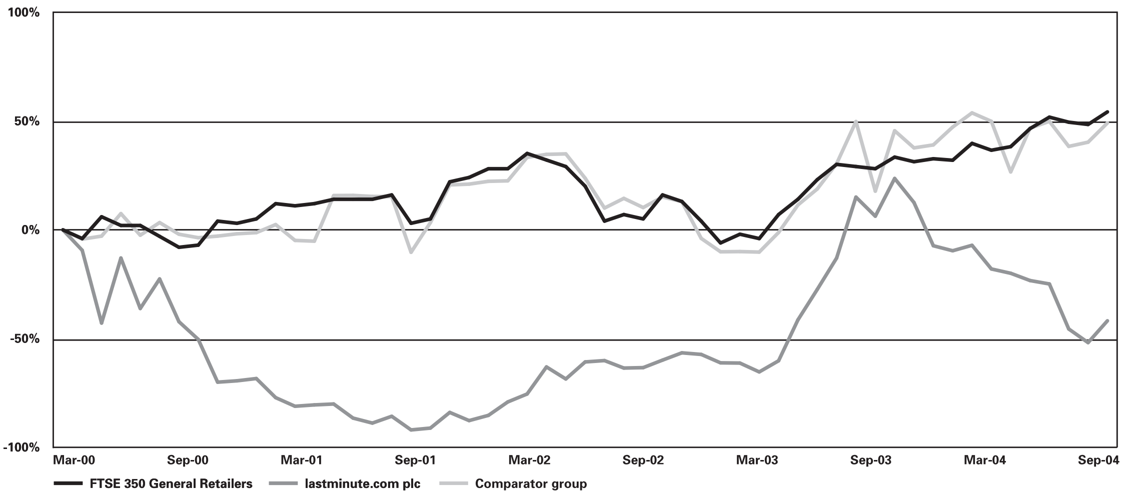
Name	Company notice period	Contract date
Alan Barber	None	16 September 2004
Sven Boinet	None	5 August 2003
Brian Collie	None	24 February 2000
Bob Collier	None	24 February 2000
Martha Lane Fox	None	1 January 2004
Allan Leighton	None	10 October 2000
Agnes Touraine	None	28 May 2003

Under the Company's Articles of Association, each Director is required to submit themselves for re-election every three years. The Board has determined that the basis of appointment for all Non-Executive Directors will be that they will ordinarily serve two three year terms, but that any additional three year terms may be agreed by the Board on a case-by-case basis.

Total Shareholder Return performance graph

The graph shows the Company's performance, measured by TSR, compared with the constituents of the FTSE 350 Retail Index and the Comparator Group. The Remuneration Committee consider the constituents of the Index and Comparator Group a relevant index for TSR comparison and that the Retail Index members are the appropriate broad group of UK quoted companies comparable to the Company.

Total Shareholder Return



Summary Directors' remuneration report continued

Directors' interest in shares

The interests of the Directors and their families in the ordinary shares of the Company at 30 September 2003 (or their date of appointment if later) and 30 September 2004 were as follows:

Name	30 September 2004 Number	30 September 2003 (or date of appointment) Number
Alan Barber	**20,000**	–
Brian Collie	**19,155**	19,155
Bob Collier	**344,156**	13,157
Brent Hoberman	**15,836,133**	15,836,133
Martha Lane-Fox	**8,207,879**	10,207,879
Allan Leighton	**197,273**	197,273

With the exceptions of interest over options and other share incentive awards set out on page 15, no other director has any interest in ordinary shares.

Audited information

Directors' remuneration

The remuneration of the Directors was as follows:

	Basic salary and fees £	Cash supplement in lieu of pensions/ pension contributions £	Bonus £	Benefits £	Termination payments £	Total 2004 £	Total 2003 £
Executive Directors:							
Brent Hoberman	187,500	26,250	–	454	–	**214,204**	223,762
David Howell	155,000	21,700	–	184	–	**176,884**	208,862
Ian McCaig[1]	141,500	19,810	–	368	–	**161,678**	25,650
Clive Jacobs[2]	111,750	26,343	111,750	39,371	79,500	**368,714**	197,565
Non-Executive Directors:							
Martha Lane Fox[3]	44,256	4,096	–	227	–	**48,579**	208,924
Bob Collier	20,000	–	–	–	–	**20,000**	20,000
Brian Collie	20,000	–	–	–	–	**20,000**	20,000
Agnès Touraine	20,000	–	–	–	–	**20,000**	3,333
Sven Boinet	20,000	–	–	–	–	**20,000**	3,333
Alan Barber	1,458	–	–	–	–	**1,458**	–
Total Directors' remuneration	**721,464**	**98,199**	**111,750**	**40,604**	**79,500**	**1,051,517**	**911,429**

Notes in relation to the above table of remuneration

[1] The total amount paid to Ian McCaig during 2003 relates to remuneration prior to his appointment as a Director for the period 1 August 2004 to 30 September 2004.

[2] The amounts paid to Clive Jacobs on the termination of his contract amounted to payment of salary and benefits in lieu of notice under his contract, which was six months. No additional payments above this contractual amount were paid.

[3] The remuneration for Martha Lane Fox includes salary, cash supplement in lieu of pensions and benefits during the period of her employment from 1 October 2003 to 31 December 2003; she also received Non-executive Director fees of £15,000 for the period 1 January 2004 to 30 September 2004.

Other than as stated above, the Company does not remunerate any other Director for services on the Board of Directors or any Committee of the Board.

Share incentives

The Directors' interests in share awards over ordinary shares held during the year, including those granted and lapsed were as follows:

Long Term Incentive Plan Awards:

Director	LTIP Award	Date of holding period when shares may be released
Brent Hoberman	77,092	4 March 2007
David Howell	66,079	4 March 2007
Clive Jacobs[1]	65,638	4 March 2007
Ian McCaig	59,471	4 March 2007

[1] On 30 June 2004, Clive Jacob's LTIP award lapsed upon his cessation as a Director.

All of the above awards were granted for nil consideration.

Share Options

	Option scheme and performance	Exercise price Pence	September 2003 (or date of appointment if later) Number	Granted during year Number	Exercised Number	Lapsed Number	30 September 2004 (or date of cessation if earlier) Number	First exercisable from	Normally exercisable until
Executive Directors									
Brent Hoberman	1998 (1)	2.31	151,335	–	–	–	**151,335**	29 December 1998	28 June 2008
	2000 (3)	107.00	140,187	–	–	–	**140,187**	3 December 2005	2 December 2012
	2000 (4)	232.00	–	150,667	–	–	**150,667**	4 March 2007	3 March 2014
			291,522	150,667	–	–	**442,189**		
David Howell	2000 (2)	34.00	1,000,000	–	–	–	**1,000,000**	4 January 2002	3 July 2011
	SAYE	48.00	19,791	–	–	–	**19,791**	1 June 2005	1 December 2005
	2000 (4)	232.00	–	96,857	–	–	**96,857**	4 March 2007	3 March 2014
			1,019,791	96,857	–	–	**1,116,648**		
Ian McCaig	2000 (2)	209.00	750,000	–	–	–	**750,000**	1 February 2004	31 July 2013
	2000 (4)	232.00	–	87,171	–	–	**87,171**	4 March 2007	3 March 2014
			750,000	87,171	–	–	**837,171**		
Clive Jacobs[1]	2000 (2)	93.25	1,000,000	–	–	–	**1,000,000**	17 May 2003	16 April 2013
	2000 (3)	232.00	–	96,211	–	96,211	**–**	4 March 2007	3 March 2014
			1,000,000	96,211	–	96,211	**1,000,000**		
Martha Lane Fox	1998 (1)	2.31	129,675	–	–	–	**129,675**	29 December 1998	28 June 2008
	2000 (2)	107.00	130,841	–	–	130,841	**–**	3 December 2005	2 December 2012
			260,516	–	–	130,841	**129,675**		
Bob Collier[2]	1998 (1)	2.31	320,625	–	320,625	–	**–**		31 October 2008
Allan Leighton[3]	(1)	137.50	1,000,000	–	–	–	**1,000,000**		7 January 2011
Total			**4,642,454**	**430,906**	**320,625**	**227,052**	**4,525,683**		

Performance Conditions

Number	Condition
(1)	No performance conditions, US style step vesting issued prior to flotation
(2)	No performance conditions, US style step vesting
(3)	Profitability over 2 successive quarters and the Company's EPS growth must be RPI + 3% p.a. over a 3 year period or RPI or 9% over any successive 4 year period as detailed on page 17
(4)	The Company's EPS growth is required to be a minimum of RPI+5%p.a. over the holding period for 20% of option to vest, RPI + 10% p.a. for 30% of the options to vest, with full vesting occurring for RPI+20%p.a. (straight line vesting between points)

[1] On 30 June 2004, Clive Jacobs' options granted on 4 March 2004 lapsed upon his cessation as a Director.

[2] On 20 May 2004 Bob Collier exercised 320,625 options at an exercise price of 2.31p. The market price of the Company's shares on 20 May 2004 was 183.5p.

[3] Options granted under the Non Executive Share Option Scheme 2000.

The market price of the Company's shares on 30 September 2004 was 140.0p and the high and low closing share prices during the year were 315.75p and 94.50p respectively (2003: 294.5p and 77.6p). There have been no changes in the interests of the Directors since 30 September 2004. Full details of Directors' shareholdings and options are contained in the Register of Directors' Interests which is kept by the Company and is open to inspection in accordance with the provisions of the Companies Act 1985.

Brian Collie, Chairman of the Remuneration Committee
25 November 2004

Summary financial statements

These summary financial statements, which comprise the summary Directors' report on page 8, the summary Directors' remuneration report on pages 9 to 15 and the financial information on pages 17 to 19, are a summary of the information in the annual report and financial statements of lastminute.com plc. They do not contain sufficient information to allow a full understanding of the results of the Group and state of affairs of the Company or of the Group. For further information, the full annual report and financial statements and the report of the auditors on these financial statements should be consulted. Copies of the full annual report for the year ended 30 September 2004 are available, free of charge, from the Group Company Secretary, lastminute.com plc, 39 Victoria Street, London SW1H 0EE.

The auditors have reported on the full financial statements, their report was not qualified and did not contain statements under Section 237 (2) or 237(3) of the Companies Act 1985.

Independent auditors' statement to the shareholders of lastminute.com plc

We have examined the Group's summary financial statements for the year ended 30 September 2004 which comprise the Consolidated profit and loss account, Consolidated balance sheet, Company balance sheet, Consolidated cash flow statement and Consolidated statement of total recognised gains and losses.

This report is made solely to the Company's members, as a body, in accordance with Section 251 of the Companies Act 1985. To the fullest extent required by the law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the annual review and summary financial statements in accordance with applicable law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statements within the annual review and summary financial statements with the full annual accounts, Directors' report and Directors' remuneration report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the annual review and summary financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion
We conducted our examination in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion
In our opinion the summary financial statements are consistent with the full annual accounts, Directors' report and Directors' remuneration report of lastminute.com plc for the year ended 30 September 2004 and complies with the applicable requirements of section 251 of the Companies Act 1985, and regulations made thereunder.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
25 November 2004

Consolidated profit and loss account for the year ended 30 September 2004

	Year ended 30 September 2004 Before exceptional items and goodwill amortisation £000	Year ended 30 September 2004 Exceptional items and goodwill amortisation £000	Year ended 30 September 2004 £000	Year ended 30 September 2003 £000
Total transaction value (TTV)[1]	**992,281**	**–**	**992,281**	552,445
Turnover				
Group and share of joint ventures	**440,062**	**–**	**440,062**	190,705
Less share of joint ventures	**(465)**	**–**	**(465)**	(2,311)
Continuing operations:				
Ongoing	**315,810**	**–**	**315,810**	188,394
Acquisitions	**123,787**	**–**	**123,787**	–
Group turnover	**439,597**	**–**	**439,597**	188,394
Cost of sales	**265,036**	**2,264**	**267,300**	87,447
Gross profit	**174,561**	**(2,264)**	**172,297**	100,947
Operating costs				
Product development	**7,451**	**–**	**7,451**	5,900
Sales and marketing	**105,138**	**–**	**105,138**	62,966
General and administration	**37,917**	**12,952**	**50,869**	22,129
Operating costs before depreciation and goodwill amortisation	**150,506**	**12,952**	**163,458**	90,995
EBITDA	**24,055**	**(15,216)**	**8,839**	9,952
Depreciation	**16,467**	**–**	**16,467**	14,798
Goodwill amortisation	**–**	**66,292**	**66,292**	42,261
Total operating costs	**(166,973)**	**(79,244)**	**(246,217)**	(148,054)
Operating (loss)/profit				
Continuing operations:				
Ongoing	**(11,399)**	**(77,627)**	**(89,026)**	(47,107)
Acquisitions	**18,987**	**(3,881)**	**15,106**	–
Group operating profit/(loss)	**7,588**	**(81,508)**	**(73,920)**	(47,107)
Share of operating loss in joint ventures	**(256)**	**–**	**(256)**	(183)
Share of operating loss in associate	**–**	**–**	**–**	(5)
Profit on disposal of associate	**519**	**–**	**519**	–
Goodwill amortisation arising on the investment in an associate	**–**	**(292)**	**(292)**	(592)
Profit/(loss) on ordinary activities before interest and taxation	**7,851**	**(81,800)**	**(73,949)**	(47,887)
Interest receivable and similar income	**2,701**	**–**	**2,701**	1,402
Interest payable and similar charges	**(5,996)**	**–**	**(5,996)**	(1,222)
Profit/(loss) on ordinary activities before taxation	**4,556**	**(81,800)**	**(77,244)**	(47,707)
Tax on profit/(loss) on ordinary activities	**266**	**–**	**266**	62
Profit/(loss) for the financial year and transfer to/(from) reserves	**4,822**	**(81,800)**	(76,978)	(47,645)
Profit/(loss) per share – basic and diluted	**1.54p**	**(26.10)p**	**(24.56)p**	(17.88)p
Profit per share – basic (pre exceptional items, goodwill amortisation and taxation)[2]	**1.45p**	**–**	**1.45p**	0.08p

[1] TTV does not represent the Group's statutory turnover and comprises amounts relating to the Group and its share of joint ventures.

[2] The additional earnings per share measures have been given to provide the reader of the accounts with a better understanding of the results.

Consolidated statement of total recognised gains and losses
for the year ended 30 September 2004

	Year ended 30 September 2004 £000	Year ended 30 September 2003 £000
Loss for the year excluding share of losses in joint ventures and associate	**(76,949)**	(46,865)
Share of joint ventures' loss for the year	**(256)**	(183)
Profit on disposal of associate, share of associate's loss for the year and amortisation of goodwill arising on acquisition of associate	**227**	(597)
Foreign currency translation difference	**1,572**	(2,496)
Total recognised losses for the year	**(75,406)**	(50,141)

Balance sheets at 30 September 2004

	Group 2004 £000	Group 2003 £000	**Company 2004 £000**	Company 2003 £000
Fixed assets				
Intangible assets	**178,480**	127,018	**–**	–
Tangible assets	**32,527**	21,815	**–**	–
Investments				
Subsidiary undertakings	**–**	–	**90,187**	42,042
Joint ventures – gross assets	**994**	1,139	**–**	–
– gross liabilities	**(319)**	(180)	**–**	–
– total net assets	**675**	959	**–**	–
Associate	**554**	1,644	**772**	2,383
Total investments	**1,229**	2,603	**90,959**	44,425
Total fixed assets	**212,236**	151,436	**90,959**	44,425
Current assets				
Stocks	**565**	240	**–**	–
Debtors	**106,839**	38,905	**169,637**	201,700
Cash at bank and in hand	**85,944**	112,741	**–**	–
	193,348	151,886	**169,637**	201,700
Creditors: amounts falling due within one year	**(237,560)**	(131,669)	**(1,288)**	(5,037)
Net current (liabilities)/assets	**(44,212)**	20,217	**168,349**	196,663
Total assets less current liabilities	**168,024**	171,653	**259,308**	241,088
Creditors: amounts falling due after more than one year	**(68,964)**	(70,620)	**(68,670)**	(69,264)
Provisions for liabilities and charges	**(3,818)**	(3,892)	**(388)**	–
Total net assets	**95,242**	97,141	**190,250**	171,824
Capital and reserves				
Called up share capital	**3,375**	2,969	**3,375**	2,969
Share premium account	**139,413**	143,805	**139,413**	143,805
Shares to be issued	**6,000**	4,095	**6,000**	4,095
Merger reserve	**201,972**	123,555	**–**	–
Other reserves	**1,331**	4,160	**1,331**	1,620
Profit and loss account	**(256,849)**	(181,443)	**40,131**	19,335
Total equity shareholders' funds	**95,242**	97,141	**190,250**	171,824

These financial statements were approved by the Board of Directors on 25 November 2004.

David Howell
Director

Consolidated statement of cash flows for the year ended 30 September 2004

	Year ended 30 September 2004 £000	Year ended 30 September 2003 £000
Net cash inflow from operating activities	**38,857**	29,054
Cash outflow from exceptional items and acquisition related liabilities	**(14,242)**	(7,989)
Returns on investments and servicing of finance		
Bond issue costs	**–**	(2,076)
Interest received	**1,686**	1,224
Interest paid	**(5,850)**	(1,218)
Interest element of finance lease rental payments	**(146)**	(406)
Net returns on investments and servicing of finance	**(4,310)**	(2,476)
Taxation		
Tax paid	**(61)**	–
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(25,046)**	(15,198)
Net cash (outflow)/inflow before acquisitions and management of liquid resources and financing	**(4,802)**	3,391
Acquisitions		
Overdraft acquired with subsidiary undertakings	**–**	(9,376)
Cash acquired with subsidiary undertakings	**20,231**	1,207
Payments to acquire subsidiary undertakings/joint venture	**(45,254)**	(22,006)
Receipts from sale of associate	**1,557**	–
Net cash outflow before management of liquid resources and financing	**(28,268)**	(26,784)
Management of liquid resources		
Increase in short term deposits	**(7,616)**	(5,569)
Financing		
Issue of bond	**–**	72,063
Issue of share capital	**1,617**	17,729
Repayments of capital elements of finance leases	**(619)**	(939)
(Decrease)/increase in cash	**(34,886)**	56,500

Reconciliation of cash flow to movement in net funds

	Year ended 30 September 2004 £000	Year ended 30 September 2003 £000
Movement in cash	**(34,886)**	56,500
Cash inflow from issue of bond	**–**	(72,063)
Bond issue costs	**–**	2,076
Cash outflow to short term deposits	**7,616**	5,569
Repayments of capital elements of finance leases	**619**	939
Changes in net funds resulting from cashflows	**(26,651)**	(6,979)
New finance leases	**–**	(2,842)
Amortisation of Eurobond issue costs	**(421)**	–
Write–off of finance lease	**782**	–
Exchange difference	**1,488**	1,812
Net funds at the beginning of the year	**41,411**	49,420
Net funds at the end of the year	**16,609**	41,411

Shareholder information

Registered Office:
39 Victoria Street, London SW1H OEE
Company number 3852152

Registrar:
Our Registrar should be contacted to advise change of address and also for any enquiries relating to lost share certificates or other enquiries relating to share registration. They can be contacted at: Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA

Tel:	0870 241 8114 (if calling from the UK)
	+44(0) 121 415 7555 (if calling from outside the UK)
Fax:	0870 600 3980 (if dialling from the UK)
	+44(0) 1903 702 424 (if dialling from outside the UK)
Email:	lloydstsb-registrars.co.uk

Further information is also available at
http://www.lloydstsb-registrars.co.uk

Website:
Additional shareholder information including press releases can be found on the Group's Investor Relations website at www.lastminute.com/ir.

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5. Click on 'email' as your preferred method of Company mailings
6. Choose a memorable pin
7. Read and accept the terms and conditions
8. You can then add any other shareholdings you have in other PLCs to your portfolio. Once your portfolio is complete click the button marked "Send me my User ID"

And that's it!

Your personalised User ID will be sent by post and will give you access to your portfolio in order to manage your shareholdings.

Terms and conditions

1. The prize is a break for two people to New York City. Prize includes return flights and 3 nights accommodation in a 5 star hotel on a bed and breakfast basis.
2. The prize is subject to availability and travel is not permitted over Christmas, New Year and Easter periods and excludes public/bank holidays and local festivals. Prize must be taken by 31.08.05. In the event of unforeseen circumstances the promoter reserves the right to offer an alternative prize of equal value without notice.
3. Travel insurance, UK transfers, US transfers, passport and visa requirements and extras are not included.
4. To enter, register your email address with Lloyds following the instructions above. Entries must reach us by midnight on 31.03.05. Alternatively send an email to newyork@lastminute.com with your name, address and contact telephone number.
5. The prize is non-transferable, non-negotiable, non-refundable with no cash alternative.
6. The promotion is open to UK residents aged 18 and over (who hold a valid passport). Employees of lastminute.com, their families, agencies or anyone directly connected with the competition are not eligible to enter.
7. The promoter is lastminute.com 39 Victoria Street, London SW1H 0EE.
8. No proof of purchase is required.
9. A list of winners can be obtained by sending an email to winners@lastminute.com.
10. Normal lastminute.com terms and conditions apply.

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