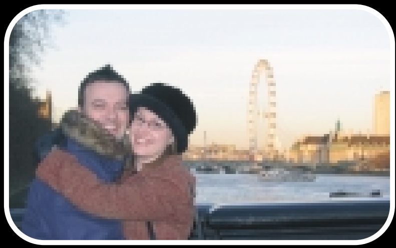


going away

going out

staying in

lastminute.com

annual review and summary financial statements 2003

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

Business highlights

Total transaction value for 2003 grew by 125% year-on-year to £552.4 million (2002: £246.0 million). TTV for Quarter 4 grew by 98% to a record £222.3 million (Q4 2002: £112.4 million)

Significant organic like-for-like growth for the full year of 46%

Gross margin for Quarter 4 increased significantly to 20.3% (Q4 2002: 13.2%) and in 2003 to 18.3% (2002: 13.5%)

Gross profit for 2003 grew by 204% to £100.9 million (2002: £33.3 million) and for Quarter 4 2003 by 206% to £45.2 million (Q4 2002: £14.8 million)

Group EBITDA before exceptional items for 2003 of £15.0 million, up 305% year-on-year (2002: EBITDA loss £7.3 million) and for Quarter 4 2003 of £14.2 million (Q4 2002: £2.8 million)

Positive operating cashflow (before exceptional items) of £13.5 million for 2003 (2002: outflow £8.0 million). Quarter 4 2003 inflow £15.2 million (Q4 2002: inflow £0.8 million)

chairman's statement

The resilience and robustness of our business model has delivered significant sales growth, both organically and through a programme of strategic acquisitions, profit (before exceptional items and amortisation) and positive cash flow in a year in which the travel industry has faced uncertainty from the Iraq war, SARS and the persistent threat of terrorism.

Business performance

2003 has been a year of continuing transformation for the Group. Departure based TTV has grown from £246.0 million in 2002 to £552.4 million in 2003, an increase of 125%. The final quarter, the strongest quarter for the key travel sector of lastminute.com, delivered TTV of £222.3 million (Q4 2002: £112.4 million), an increase of 98%.

The significant profit (before exceptional items and amortisation) delivered in the last two quarters has resulted in the Group being profitable for the year as a whole. In addition, the Group has generated EBITDA of £15.0 million and positive operating cashflow of £13.5 million for the financial year. This is an extremely important milestone for the Group and has been achieved ahead of the forecasts established at the time of flotation.

Strategic acquisitions and convertible bond offering

In April, the Group completed its acquisition of holiday autos group for £39.0 million. The acquisition has moved us considerably closer to our goal of delivering £1 billion of TTV with significant margins and EBITDA in the medium term. It is a logical extension to lastminute.com's existing travel and leisure offerings, is a further component for the Group's dynamic packaging product and has provided an enhanced gross margin and geographic extension for the enlarged Group's customers. Integration into the Group has started and we are pleased to report that its performance is in line with the expectations set at the time of acquisition.

In September, we raised approximately €102.6 million of unsecured convertible bonds. This enables us to:

- fund small scale acquisitions in growing European markets and in the lifestyle categories of our business
- accelerate the delivery of a number of development projects which will bring significant operational efficiencies and enhance conversion of "lookers to bookers"
- invest in key brands across Europe.

This convertible bond was the first issued by an internet company in Europe. Demand for the convertible in the pre-marketing was extremely strong.

We used a small part of these funds in September 2003 for the repurchase of the 70% shareholding in lastminute.com Spain from our joint venture partner, Sol Meliá, for €6.0 million. Integrating our businesses in Spain, one of the fastest growing European online travel markets, will enable us to further strengthen our position in Europe.

A strong pipeline of acquisition opportunities is available in a number of areas. Full details of acquisitions will be published when they are completed.

Board

I would like to take this opportunity to thank Laurent Laffy and Vimal Khosla, who stepped down from the Board in March and July 2003 respectively, for their valuable contributions to the Group.

Clive Jacobs joined the Board as Executive Vice Chairman in April 2003, following the acquisition of holiday autos. Clive has extensive experience in the travel industry gained over the past eighteen years.

During the year, we have appointed two further Non-Executive Directors, Agnès Touraine and Sven Boinet. Agnès has significant strategic planning and senior management experience, principally within the media and publishing sectors and Sven brings a wealth of knowledge of the global hotels business.

Martha Lane Fox, lastminute.com's Group Managing Director, has told the Board that she wants to stand down from her executive role at the end of 2003. Martha will be staying on with the Company as a Non-Executive Director and, of course, as a major shareholder.

The Company would like to thank her for her invaluable contribution and wish her every success in her new career. lastminute.com plc is delighted that Martha will remain on the Board as a Non-Executive Director and that the Group will continue to benefit from her knowledge and experience of the online industry as it continues to grow.

We are pleased to announce that with effect from 20 November 2003 Ian McCaig, who was appointed Chief Operating Officer in August 2003, will join the Board. Ian has held senior positions at Nokia, most recently as Vice President, 3G Operations, managing 500 people in seven markets.

On behalf of the Board I would like to welcome Clive, Agnès, Sven and Ian to lastminute.com and wish them every success in their new roles.

Outlook

Our plans to achieve synergies of £4.0 million through the integration of holiday autos have been developed during the fourth quarter of 2003 and will be delivered from the beginning of the new financial year.

The first quarter of 2004 has started well and will benefit from the strong order book carried forward at the end of the 2003 financial year. In addition, with the funding raised through our convertible bond offering, the Group is in a strong position to continue its programme of strategic acquisitions. These acquisitions will supplement the significant organic growth currently being delivered.

The macro trends for internet usage throughout Europe are very positive and moving in our favour. We have strengthened our position as the clear European leader in the online travel and leisure market and are well placed to take advantage of the continued growth in the sector. We remain confident of further developments during 2004 in all key metrics.

Allan Leighton
Chairman
20 November 2003

operational review

During 2003, we have achieved further scale through both significant organic growth and key acquisitions. These factors have enabled us to strengthen our overall position in Europe.

Further growth in subscribers, customers and conversion

During the year we have made significant steps to improve the usability and reliability of the website, we have extensively deepened our product offering and feel we have provided customers with a lifestyle proposition which they can use on a daily basis to deliver inspiration and great value solutions. These enhancements have contributed towards the significant increases in the number of subscribers to our newsletters and the conversion of those subscribers to customers. Subscribers have increased to over 7.7 million at 30 September 2003, which represents an increase over last year of 20%, whilst customers have increased by 116% to 2.8 million at 30 September 2003, up from 1.3 million at 30 September 2002.

Our improved conversion rate has been supported by our increased level of customer satisfaction. In a recent online survey (conducted during September 2003), of those who responded, over 50% of visitors to the site have made a purchase from lastminute.com, 79% of users are returning visitors and 93% of visitors are satisfied with the lastminute.com offering.

Acquisitions

The acquisition of eXhilaration in November 2002, which sells "experience products", has enhanced our lifestyle product offering and provides a platform for future expansion.

In March 2003, we made our largest UK acquisition to date, holiday autos, which has significantly increased the size and scale of our business. The acquisition was immediately earnings enhancing and has substantially contributed to the increase in average Group margins to 18.3% at 30 September 2003, up from 13.5% at 30 September 2002. In addition to providing further scale in those countries where lastminute.com already has offices and extending the Group's product portfolio, car hire is a logical extension to the Group's dynamic packaging product.

During September 2003, we bought back Sol Meliá's share of our Spanish joint venture which will allow us to fully integrate our businesses in Spain and more aggressively target the Spanish market, thereby delivering further scale in one of Europe's fastest growing online markets.

Successful launch of dynamic packaging

Dynamic packaging was launched, initially in the UK, in November 2002. It enables customers, in the same shopping basket, to build a holiday which suits their individual needs and receive an integrated invoice for those products. When this service was launched, only flights and hotels were available for packaging. During 2003, the product range available within dynamic packaging was extended to include car hire, insurance and airport parking. Dynamic packaging has mainly featured scheduled airlines and city hotels, therefore enabling customers to create traditional city break holidays.

We will expand dynamic packaging further in 2004 by adding resort destinations to the offering, extending the flights product to charter flights and including restaurants and entertainments. In July 2003, we increased charter flight availability through the normal flight engine by an agreement with Avro, the UK's leading charter flight-only operator. This provided access to approximately 2 million charter seats for customers to the all important summer sun destinations.

Dynamic packaging was successfully launched in the French and Italian businesses during July 2003 (the start of the key Summer quarter) and October 2003 respectively and will be launched in Germany and Spain before the end of the 2003 calendar year.

During Quarter 4 dynamic packaging delivered total TTV of £7.0 million, representing approximately 15% of the lastminute UK url TTV. Sales for the new financial year for this product have started strongly with October delivering £3.4 million of TTV with growth in all three operating markets.

Brand development

On 16 October 2003, lastminute.com celebrated its fifth anniversary. We are delighted with the strength of the brand and the progress that we have made thus far. lastminute.com remains Europe's number one online travel and leisure retailer in terms of total sales and site usage. During October 2003 **www.lastminute.com** was again placed Number One in the top 10 UK online travel agency sites by Hitwise.

We continue to adapt our marketing strategy to an ever more demanding

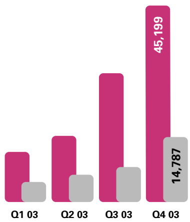
TTV per item sold (£)

Comparative 2002 figures

Gross profit (£'000s)

Comparative 2002 figures

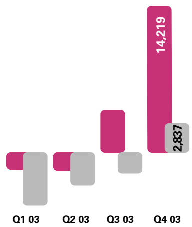
Total 2002: 33,264
Total 2003: 100,947



EBITDA (£'000s)

Comparative 2002 figures

Total 2002: (7,326)
Total 2003: 15,030



market and to tailor the 7.7 million newsletters to customers' needs. In the UK our weekly newsletter is additionally tailored to 3 further discrete editions – theatre, food and sports events produced on a weekly/monthly basis. We are pleased that our efforts were recognised by the industry at the 2003 New Media Age Awards where our weekly e-mail newsletter won the 'Best Consumer Products and Services' award.

During October 2003, lastminute.com won the CNET Networks 'e-commerce Site of the Year' award, beating Tesco.com and easyjet.com. The award was given to "the candidate who was considered to have best harnessed the Internet to provide easy-to-use buying experiences that have led to increased turnover, improved distribution and/or saved costs."

Investment for efficiencies and cost savings – integration of acquisitions

We have taken major steps forward during the year to improve the efficiency of operations and to streamline and integrate the cost base. We have outsourced a number of functions, including UK data entry and certain post sales customer support functions, in particular flights ticketing. These outsourcing arrangements have enabled us to move a proportion of the cost base from a fixed cost to a variable cost model.

In addition, we have achieved synergy savings by integrating recent acquisitions into the lastminute.com Group. We successfully integrated the UK travel businesses (Travelselect.com, Destination Group and lastminute.com) in September 2002 which delivered synergies throughout the 2003 financial year. We have also restructured and integrated Travelprice.com in France and Italy, which was completed as planned by the end of February 2003.

These actions have led to a stronger operational cost base which is far more efficient, provides a much better customer and supplier experience and is more flexible to adapt to future growth.

As already mentioned, the plans for the integration of holiday autos are now well established and we have started to implement them from the beginning of the new financial year.

Ongoing development of supplier relationships and product availability

We provide an extensive range of travel and leisure products to customers. Product offerings comprise hotels, holidays (both pre-packaged and dynamically packaged), most modes of transport including flights, cars, trains, ferries and cruise and leisure activities including music, sports, events, theatre, restaurants and food, experiences and resort tours and gifts:

Flights

lastminute.com has preferred partnership agreements with major airlines giving access to multimarket product at preferential rates. We have increased our charter flight supply during the year and have signed deals with two charter flight GDS suppliers which provides customers with even more flight availability.

Hotels

During the third quarter of 2003 we centralised our internal hotel contracting function. This transition from locally resourced and contracted hotel supply to one controlled from one focal point in London has enabled the Group to build stronger relationships with suppliers and to pass on an even greater selection of good value, high quality offers to lastminute.com customers.

We have also significantly expanded the accommodation choice and availability to customers through a strategic commercial agreement with Sol Meliá, which gives access to Sol Meliá's hotel search engine, together with exclusive Sol Meliá promotions. In November 2003, we announced an agreement with WorldRes, a leading hotel booking engine for websites worldwide. These relationships provide an even more comprehensive range of hotel product to our customers. We aim to provide access to over 45,000 properties around the world in the short term by further connectivity projects.

Holidays

We have continued to strengthen and deepen our relationships with major tour operators thus generating more exclusive product at special rates.

Car hire

The acquisition of holiday autos significantly enhanced car hire supply. As a leading car hire brand in Europe, holiday autos has strong historic relationships with international and local major car rental companies. In 2003, holiday autos secured an exclusive relationship with Alamo/National for car rental supply in North America.

Travel extras

During the year we announced an exclusive deal with BCP, the UK's leading airport parking booking service, which allows UK customers booking travel online to save money on airport parking. In addition, we announced a partnership with Mondial to provide customers with cost effective travel insurance.

Lifestyle

In 2003, in the UK, over 300,000 customers purchased lifestyle products. Lifestyle products represent over 20% of items sold during the year and are counter cyclical with the travel business' quiet periods of Winter and Spring and provide strong customer repeat metrics.

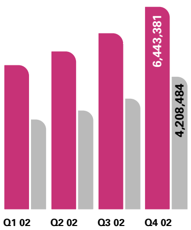
We also established a partnership with Theatrenow, the independent information service for theatre-goers and late availability online ticket channel. This partnership creates a new independent ticket sale and marketing channel for producers and theatre venues and has been key to the success of our theatre newsletter.

Strategic brand partnerships

We have continued to develop strategic brand partnerships. We have sourced a number of white label arrangements whereby lastminute.com provides booking engine technology for use by

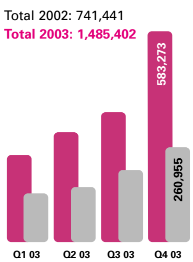
Registered subscribers

Comparative 2002 figures



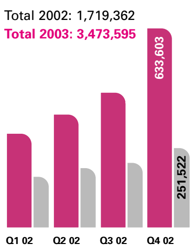
New unique customers

Comparative 2002 figures



Items sold

Comparative 2002 figures



third parties, exclusive marketing partnership deals and the supply of products to new technology platform providers.

We became the online travel partner for Tesco.com, the UK's largest online retailer, Voyages Auchan, a leading French supermarket retailer and developed a combined microsite with the "le weekend" website. Customers on these sites are offered exciting lastminute.com travel offers which are promoted by the respective website's homepages and online customer communications.

lastminute.com plc entered into an agreement during 2003 with Egg, Europe's largest online bank, to provide a monthly online newsletter to Egg's UK customers containing a full range of lifestyle offers and some exclusive lastminute.com offers for flights, holidays, hotels, dynamic packaging, entertainment and restaurants.

Also during 2003 lastminute.com's range of products including travel deals, theatre tickets and retail products, was offered to users via Sky Active. In addition we entered into a partnership with video mobile phone company '3' whereby lastminute.com offers products on Third Generation mobile services using product images.

Technological developments

Throughout the year we have continued to invest significantly in technology in order to deliver new products to customers, improve website reliability, responsiveness and search capabilities, generate efficiencies through the streamlining and elimination of back office processes and to ensure that we have scalable technology in place to support significant future growth.

In the first half of the year we introduced a new flights engine and technology to support the dynamic packaging product. The flights engine delivered faster performance and operational booking efficiencies. During the third quarter, a new shopping basket, ebasket was launched which makes integration and connection to other websites via XML protocols much faster. BCP (car parking) and Mondial (travel insurance) were subsequently integrated into the new shopping basket.

The new shopping basket is fully integrated into the back office operational, financial, and customer services systems which means that the completion of transactions is quicker, significantly enhancing the customer experience and new products and acquisitions can be more easily integrated into the website. Back office automation has remained a key deliverable for the technical group with Oracle Financials now installed across the majority of the Group's lastminute.com businesses. It will be implemented into the holiday autos country offices during 2004.

In 2003 our site responsiveness improved significantly and from June 2003 we delivered European industry leading performance of under 4 second response times. This performance is sustainable with the anticipated TTV growth and has been achieved by firstly implementing caching technology and secondly installing IBM Blade server hardware, which run at nearly twice the speed of the previous hardware. We believe we now have the technology platforms that will support TTV of over £1 billion.

We have also developed a proprietary search tool that has halved search times. The guided navigation tool was introduced for holiday searches which enables holidays to be clustered and allows customers to drill down on geographic regions and property information until they find a holiday in the country that they desire.

In October 2003, we launched a call pre-qualification tool for customer services, which recognises a customer from their telephone number and automatically populates the customer service agent's screen with the customer's details. This will bring further efficiencies and reductions to customer service costs and enhance the customer experiences.

We continue to invest in technology in order to maintain a leading edge website and to further drive down operating costs. We firmly believe that technology has helped maintain our leading position and continues to provide significant competitive advantage.

Senior management

The Group has grown substantially over the past 3 years. During the year the Board has put in place an effective management structure to manage this and future growth. In addition to the highly experienced senior management team who joined us as part of the holiday autos acquisition, we have also further broadened our management skill set by recruiting a number of experienced senior managers. During 2003 the following key appointments were made:

- Chip Steinmetz was appointed Chief Technology Officer in January 2003. Chip has held senior technical positions in a number of leading global organisations including American Airlines, UBS, Barclays Capital and most recently Walt Disney Internet Group where he was Head of Technology.
- Andrew Windsor was appointed Group Commercial Director in February 2003. Andrew is well respected in the travel industry and has extensive travel knowledge gained over many years with Thomas Cook.
- Liane Hornsey was appointed Group Director of Human Resources during September 2003. Liane has extensive HR experience, most recently two years at NTL where she overhauled the recruitment and reward process.
- In November, we announced the appointment of Pierre Paperon as French Managing Director. Pierre has significant senior management experience in France. He was previously Managing Director of the internet division of Danone, one of the largest food manufacturers in Europe, where he had responsibility for the development of their e-commerce brands and strategy growing sales from nil to €2 billion over 3 years. Before Danone, Pierre managed Alta Vista Europe, the fifth largest Internet company in Europe.

On behalf of the Board we would like to welcome them to lastminute.com and wish them every success with the Group.

Brent Hoberman
Chief Executive Officer

Martha Lane Fox
Group Managing Director

20 November 2003

financial review

During the year ended 30 September 2003 we continued to deliver record total transaction value (TTV) and gross profit growth, more than doubling both TTV and gross profit compared to the previous financial year.

We also achieved profit before tax (pre exceptional items and goodwill amortisation) of £0.2 million, Group EBITDA (pre exceptional items) of £15.0 million and positive operating cashflow (pre exceptional items) of £13.5 million for the year ended 30 September 2003. This continues the trend started in Quarter 4 2002. In addition, we are entering 2004 with a strong forward order bank of £43.6 million.

The consolidated profit and loss account and cash flow for the year include the post acquisition results of the businesses acquired during the year. The results of eXhilaration, holiday autos and lastminute Spain have been included from November 2002, March 2003 and September 2003 respectively.

Total transaction value (TTV), turnover and gross profit

TTV, turnover (including share of joint ventures) and gross profit continued to show significant growth during the year, driven by strong organic growth as well as contributions from key acquisitions. This organic growth has been achieved through increasing the spend per item, increasing the number of customers and increasing the depth of the product offering, including dynamic packaging.

TTV

TTV, which consists of products and services sold through our websites and other electronic platforms for the year ended 30 September 2003 was £552.4 million, representing an increase of 125% over the prior year (2002: £246.0 million). During the financial year the holiday autos group contributed TTV of £127.2 million to the overall Group results, having been part of the lastminute.com Group for seven months. During Quarter 4 holiday autos contributed £68.8 million to total Group TTV.

Organic like-for-like TTV growth of 46% was delivered across the Group during the year. Our most established country, the UK, achieved annual like-for-like TTV growth of 60% for the year. The UK url lastminute.com delivered growth of 82% in the year and reflects the early benefit of technology releases and the developed lifestyle product range. lastminute.com continues to deliver organic growth in excess of the overall European online travel market.

TTV during Quarter 4 in the UK grew organically by 45% and in France by 13%. Overall the Group achieved organic growth of 36% during this key Quarter.

Turnover

Total turnover (including share of joint ventures) for the year was £190.7 million, representing an increase of 444% over the previous year (2002: £35.1 million).

Total cost of sales for the year amounted to £87.4 million (2002: £1.6 million). The increased level of cost of sales relative to TTV and turnover reflects the inclusion of the holiday autos business, acquired in March 2003.

Gross profit

Gross profit for the year was £100.9 million, an increase of 204% over last year (2002: £33.3 million).

Gross profit consists of commissions and income earned on products and services sold, including airline tickets, hotel room reservations, package holidays, car hire, tickets to entertainment events, restaurant reservations and gifts. Also included in gross profit are revenues earned from sponsorship and advertising on the websites, both of which have continued to show strong growth.

The record increase in gross profit reflects the Group's increase in scale, demonstrated by the 125% increase in TTV, and the significant improvement in the Group's gross profit margin, which increased by 4.8% points to 18.3% for the year to 30 September 2003.

Gross profit for the Quarter was £45.2 million, an increase of 205% over the prior year (Q4 2002: £14.8 million). This reflects a 7.1% point increase in the gross profit margin to a record and industry leading 20.3%.

Operating costs

Product development costs

Total product development expenses for the year, before charges for depreciation and exceptional items, were £4.6 million, a decrease of 24% from £6.1 million the previous year. This reduction in technology costs year-on-year reflects the continued benefit from ongoing cost control measures and synergies achieved through the integration of the acquired businesses, as well as the increased investment in system enhancements which have been capitalised. Product development costs consist of the costs associated with maintaining the technology platform, personnel costs, web hosting fees, software license fees and other expenses associated with the ongoing operation of the websites and electronic platforms.

Sales and marketing costs

Total sales and marketing expenses for the year, before charges for exceptional items, were £61.9 million, an increase of 183% from £21.9 million last year. This increase reflects the costs associated with holiday autos and the inclusion of travel agency commission costs, which are proportional to sales volumes, as well as the strong TTV growth. Excluding these, sales and marketing costs have benefited from increased efficiencies as we continue to leverage the largely fixed cost base on an increased customer and subscriber base.

General and administration costs

General and administration costs for the year, before charges for depreciation and exceptional items, increased by 54% from £12.6 million in the year to 30 September 2002 to £19.4 million, due to the acquisition of holiday autos. Despite this, these costs as a percentage of TTV decreased from 5% to 4%. We continue to anticipate further synergies and efficiency gains from the implementation of the outsourcing process and the further integration of acquired businesses.

Operating costs before depreciation and goodwill amortisation

The increase in overall operating costs each quarter has been due to increased scale through organic growth and acquisitions. The overall trend in like-for-like costs has shown a reduction, reflecting the Group's tight cost control and synergies achieved from earlier acquisitions.

EBITDA

The Group achieved EBITDA (before exceptional items) of £15.0 million for the year ended 30 September 2003, which compares to a loss before exceptional items of £7.3 million for the year ended 30 September 2002. This significant improvement reflects the increased contribution in gross profit, which grew by 204% during the year to £100.9 million, as a result of the increased sales and improved operating margins. During Quarter 4 the Group delivered £14.2 million of EBITDA before exceptional items (Q4 2002: £2.8 million).

Adjusted profit before tax

The reported result before taxation and goodwill amortisation continues to show significant improvement during the course of the year, moving progressively from a loss of £3.8 million in Quarter 1 2003 to a profit of £4.2 million in Quarter 4 2003. As a result, the Group has achieved a profit before taxation, exceptional items and goodwill amortisation of £0.2 million for the year ended 30 September 2003, compared to a loss of £16.2 million for the year ended 30 September 2002.

Exceptional items

Exceptional items of £5.1 million relate to two areas of activity. Firstly, the "one-off" redundancy costs of outsourcing non-core functions to external partners. Secondly, the costs of implementation and delivery of the synergies relating to the holiday autos acquisition, identified during the pre acquisition process.

Depreciation

Depreciation charges relate to the depreciation of computer systems, equipment and computer software. Charges have increased by 51% to £14.8 million during the year, as expected, reflecting the depreciation of the continued investments in the technical infrastructure and the inclusion of depreciation associated with acquisitions.

Goodwill amortisation

During the year goodwill amortisation totalled £42.9 million (2002: £18.8 million). The increase reflects the amortisation of goodwill relating to the acquisitions of eXhilaration and holiday autos and a full year's amortisation of goodwill relating to the acquisitions of Travelselect.com, Destination Group and Travelprice.com. Goodwill is amortised over a 4 year period from the date of acquisition or investment.

Loss on ordinary activities before taxation

The loss on ordinary activities before taxation for the year has increased to £47.7 million (2002: £38.1 million). This increase is solely attributable to the £24.1 million increase in goodwill amortisation during the year. The loss for the year includes a share of the operating profit and losses (net loss £0.2 million) from the joint ventures operated in Australia, South Africa, Japan and Spain (until acquisition in September 2003).

Earnings per share

The loss per share for the year to 30 September 2003 was 17.88p (2002: loss 20.15p). Excluding goodwill amortisation and exceptional items, the profit per share was 0.11p (2002: loss 10.19p).

The earnings per share calculation has been based on the weighted average number of ordinary shares in issue during the year.

Net cash balance and cash flow improvements

As at 30 September 2003 the net cash position of the Group increased to £112.7 million from £49.6 million as at 30 September 2002. This includes the proceeds of €102.6 million bond issue in September 2003 which has not, as yet, been fully used for acquisitions or other purposes. Cash is placed on deposit with AAA rated credit institutions and earns competitive rates of interest.

During the year we have continued to successfully increase cash inflow such that in Quarter 4 2003, the seasonally strongest quarter, we delivered operating cash inflow (pre exceptional items, acquisition related liabilities and bond issue costs, but including capex) of £15.2 million. For the year ended 30 September 2003 we delivered operating cash inflow (pre exceptional items, acquisition related liabilities and bond issue costs, but including capex) of £13.5 million. These significant achievements have been attained through contributions from the improved scale of operations together with strong working capital management.

Financing

The Group finances its operations by a mixture of equity, convertible debt and overdraft facility.

In September, the Group placed an offering of €102.6 million of unsecured Convertible Bonds due 2008 at a 6% coupon. The net cash proceeds from the issue of the Bonds will be used to finance further expansion, including small scale acquisitions, early delivery of certain development projects designed to further improve operational efficiency and the conversion of "lookers to bookers" and provide further capital to consolidate and accelerate the development of key brands across a number of European markets.

Treasury policy and risk management

The Group finances its operations by a combination of internally generated cashflows, finance leases, short term bank borrowings and the fixed rate coupon convertible bond which was raised during September 2003.

The Board of Directors sets the treasury policies of the Group and lays down parameters within which the various aspects of treasury risk management are operated.

The Group's principal market risk is currency exchange risk. The Group enters into a limited number of derivative transactions to manage currency risks arising from its operations. The Group's policy is to hedge against certain transactional currency exposures, in particular on any significant US dollar transactions. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments nor speculative positions are taken.

At 30 September 2003, the Group had not hedged its Euro exposure from the convertible bond as it planned to use a portion of these funds to make a number of acquisitions in European countries. This policy will continue to be monitored as our pipeline of acquisitions progresses.

Cash balances are placed on deposit with AAA rated credit institutions and earn competitive rates of interest.

David Howell

David Howell
Chief Financial Officer
20 November 2003

board of directors

1. Allan Leighton
Chairman
Aged 50. Allan was appointed Chairman of the Company in October 2000. 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, British Home Stores Limited, Cannons Group and Wilson Connolly Limited, Deputy Chairman of Leeds Sporting PLC and a Non-Executive Director of BSkyB PLC, Dyson Limited and George Weston Limited.

2. Brent Hoberman
Chief Executive Officer
Aged 34. 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 and had 5 years of strategic consultancy experience. He was also part of the founding team of the European auction site, QXL. Brent received the Time Magazine Digital 25 Award for outstanding achievement in 2002.

3. Martha Lane Fox
Non-Executive Director
Aged 30. Martha was Group Managing Director of the Company until 31 December 2003. She was the co-founder of lastminute.com and was an Executive Director of the Company from February 2000 and of Last Minute Network Limited since inception in April 1998. 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. In November 2003, Martha was voted Business Person of the Year at the London Business Awards.

4. David Howell
Chief Financial Officer
Aged 54. 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.

5. Clive Jacobs
Executive Vice Chairman
Aged 42. Clive was appointed Executive Vice Chairman of the Company in April 2003 following the acquisition of holiday autos. He started his own flight company at the age of 21 and then co-founded holiday autos in 1987. Since then, Clive has grown and diversified the holiday autos business and received various travel industry awards.

6. Ian McCaig
Chief Operating Officer
Aged 37. 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.

7. Bob Collier +
Vice Chairman
Aged 63. 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.

8. Agnès Touraine *+
Non-Executive Director
Aged 48. 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.

9. Brian Collie *+
Non-Executive Director
Aged 49. Brian has been a Non-Executive Director of the Company since February 2000. 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.

10. Sven Boinet *
Non-Executive Director
Aged 50. 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.

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

Summary Directors' report

The full Directors' report is set out on page 16 of the Group's annual report.

Principal Activities
The principal activities and review for the year are contained in pages 1 to 6.

Dividends
The Directors recommend that no dividend be paid for the year ended 30 September 2003 (2002: £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 Directors' remuneration report on pages 8 to 10. All the Directors held office throughout the year other than Clive Jacobs (appointed on 17 April 2003), Agnès Touraine (appointed on 28 May 2003) and Sven Boinet (appointed on 5 August 2003); Ian McCaig was appointed on 20 November 2003. Vimal Khosla and Laurent Laffy were also Directors of the Company until 31 July 2003 and 6 March 2003 respectively.

In accordance with the Articles of Association, Clive Jacobs, Ian McCaig, Sven Boinet and Agnès Touraine, who have been appointed Directors since the last Annual General Meeting, will retire at the forthcoming Annual General Meeting and will offer themselves for election. In addition, Allan Leighton will retire by rotation and, being eligible, will offer himself for re-election at the Annual General Meeting.

Substantial shareholders
As at 19 November 2003, 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	%
Threadneedle Investments	34,680,821	11.67
Deutsche Bank AG	21,082,579	7.09
Fidelity International	20,502,975	6.90
Brent Hoberman	15,836,133	5.33
Clive Jacobs	11,334,657	3.31
Martha Lane Fox	10,207,879	3.44
Legal & General	9,195,076	3.09

Political and charitable donations
The Group made charitable donations of £nil during the year (2002: £nil). No political donations were made during the year (2002: £nil).

Auditors
Ernst & Young LLP acted as auditor to the Company throughout the year. A resolution to re-appoint Ernst and 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 Cazenove, 20 Moorgate, London EC2R 6DA on 4 March 2004 at 10.00am. The notice of meeting is set out in the Circular to the shareholders dated 26 January 2004.

By order of the Board

Simon Watkins
Secretary
20 November 2003

Summary Directors' remuneration report

This section of the Directors' remuneration report is not audited

Report on remuneration
The Remuneration Committee is responsible for developing policy on remuneration for Executive Directors and senior management and to determine specific remuneration packages for each of the Executive Directors. The Remuneration Committee is formally constituted with written Terms of Reference. Brian Collie is Chairman of the Committee, with Agnès Touraine and Sven Boinet acting as Committee members; they are all independent Non-Executive Directors. Agnès Touraine was appointed to the Committee on 28 May 2003 and Sven Boinet was appointed to the Committee on 1 October 2003; Bob Collier, who is also an independent Non-Executive Director, was a member of the Committee until 1 October 2003 and Laurent Laffy was a member of the Committee until 6 March 2003.

The Remuneration Committee received wholly independent advice on executive compensation and incentives from Halliwell Consulting during the year.

Remuneration policy review and compliance
The Committee has recently undertaken a full review of Executive Director and senior executive remuneration which will result in a new senior management remuneration policy which, if implemented in full, the Committee believes will comply with best practice and be suitable for the Company's ongoing requirements.

It is intended that the new policy will include revised bonus and share incentive arrangements which will be performance related and form a significant proportion of overall future remuneration. The details of the new policy, including the companies within the proposed comparator group, are included in the shareholder circular being sent with this annual report which also explains the proposals for new share schemes to be submitted for approval at the Company's Annual General Meeting.

Base salary
The Remuneration Committee's policy is to set the base salaries of the Executive Directors at around the lower quartile to ensure that the fixed cost of the Executive team to shareholders is minimised. The following table shows comparative base salary levels for Executive Directors during the year compared to the proposed comparator group:

	Brent Hoberman CEO	**David Howell CFO**	**Martha Lane Fox Group MD**	**Clive Jacobs Vice Chairman**
Quartile compared to Comparator Group	Below lower quartile	Below lower quartile	Below lower quartile	Lower quartile

It is the Company's intention to move the salaries of the Executive Directors where necessary toward the lower quartile position over a 12 month period.

Annual bonus
In previous years neither Brent Hoberman nor Martha Lane Fox have participated in the Group's annual bonus scheme, the payment of any bonus being determined by the Remuneration Committee having regard to the Company's performance. David Howell has had an entitlement to a discretionary annual bonus of up to 30% of base salary depending on the achievement of specific targets for each year.

In the year to 30 September 2003, the Remuneration Committee has determined that due to the performance of the Company, in particular the growth of TTV and recording positive EBITDA for the year as a whole, discretionary bonuses of 35% of base salary be paid to Brent Hoberman and Martha Lane Fox. David Howell has also been awarded a bonus of 35% for the year, being his contractual 30% maximum bonus and an additional 5% discretionary bonus, awarded as a result of Company performance and a successful program of acquisitions and integration resulting in exceptional year-on-year growth in EBITDA. The bonus payable to Clive Jacobs in the year to 30 September 2003 was awarded as a result of the expected achievement of a TTV target of holiday autos set immediately prior to acquisition in respect of the 12 months to 31 October 2003.

Share incentives
To date the Company has operated a number of employee share schemes in which all employees and Executive Directors in the Group participate and a scheme which has been utilised to grant options to some Non-Executive Directors. Details of options granted to all the Directors are set out on page 12.

New share incentive proposals are set out in the circular despatched to shareholders in relation to the Company's Annual General Meeting.

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

Benefits
Benefits comprise life assurance, permanent health and private medical insurance. In addition, Clive Jacobs has additional contractual benefits, details of which are disclosed below.

Summary Directors' remuneration report continued

Executive Directors' service contracts

Details of the service contracts of the Executive Directors of the Company, who served during the year, are as follows:

Name	Company Notice Period	Contract date	Unexpired term of contract (months)
Brent Hoberman CEO	6 months	24 February 2000	Rolling Contract
David Howell CFO	6 months	21 June 2001	Rolling Contract
Martha Lane Fox Group MD	6 months	24 February 2000	Rolling Contract
Clive Jacobs Vice Chairman	Initial 12 month period reducing to 6 months	17 April 2003	Rolling Contract

The service contract for Clive Jacobs provides for an initial 12 month Company notice period required until 17 April 2004, after which a Company notice period of 6 months will apply.

There are no special provisions in service contracts relating to cessation of employment or change of control, other than noted below. In addition, the Remuneration Committee will look to ensure that there are no unjustified rewards for failure.

The following table shows that the only event on the occurrence of which the Company is liable to make a payment to Executive Directors is on cessation of employment, with the exception of a payment required to Clive Jacobs should the company be taken over within two years of the contract start date:

Name	Potential Termination Payment	Potential Payment upon Company takeover	Potential payment in event of liquidation
Brent Hoberman CEO	6 months notice	Nil	Nil
David Howell CFO	6 months notice	Nil	Nil
Martha Lane Fox Group MD	6 months notice	Nil	Nil
Clive Jacobs Vice Chairman	12 month notice before 17 April 2004 and 6 months thereafter	*12 months remuneration	Nil

*Note: Clive Jacobs is entitled to a payment relating to 12 months remuneration if the Company is acquired prior to 17 April 2005.

During the year, the Remuneration Committee agreed a termination agreement with Vimal Khosla, who also had a Service Contract with the Company, under which he received 4 months pay in lieu of notice and the payment of outstanding holiday and untaken sabbatical leave. Full details of the payments received are included in the Directors' remuneration table on page 11.

Non-Executive Directors

All Non-Executive Directors have letters of appointment from the Company. Allan Leighton receives reimbursement for reasonable expenses. Sven Boinet, Brian Collie, Bob Collier and Agnès Touraine receive fees of £20,000 per annum, with the recommendation that all post tax income be used to purchase shares in the Company.

Historically, the Company has 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 12. No options were granted to Non-Executive Directors during the last financial year and in the future Non-Executive Directors will not be eligible to participate in any bonus plan or share incentive programme operated by the Company. Further, Non-Executive Directors 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
Allan Leighton	None	10 October 2000
Sven Boinet	None	5 August 2003
Brian Collie	None	24 February 2000
Bob Collier	None	24 February 2000
Agnès Touraine	None	28 May 2003

Under the Company's articles of association, each Director is required to submit themselves for re-election every 3 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 term may be agreed by the Board on a case-by-case basis.

Summary Directors' remuneration report continued

Directors' interests in shares

The interests of the Directors and their families in the ordinary shares of the Company at 1 October 2002 (or their date of appointment if later) or 30 September 2003 were as follows:

	2003 Number	2002 Number
Brian Collie	**19,155**	19,155
Bob Collier	**13,157**	13,157
Brent Hoberman	**15,836,133**	15,836,133
Clive Jacobs	**11,334,657**	11,334,657
Martha Lane Fox	**10,207,879**	10,207,879
Allan Leighton	**197,273**	197,273

No other Director has any interest in ordinary shares.

Remuneration review – the following information comprises the audited part of the remuneration report

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 2003 £**	Total 2002 £
Executive Directors:							
Brent Hoberman	150,000	21,000	52,500	262	–	**223,762**	172,930
Martha Lane Fox	140,000	19,600	49,000	324	–	**208,924**	146,207
David Howell	140,000	19,600	49,000	262	–	**208,862**	195,165
Vimal Khosla[1]	100,000	17,074	–	134	59,254	**176,462**	40,425
Clive Jacobs[2]	70,191	9,577	97,927	19,870	–	**197,565**	–
Non-Executive Directors:							
Bob Collier	20,000	–	–	–	–	**20,000**	9,500
Brian Collie	20,000	–	–	–	–	**20,000**	5,000
Agnès Touraine[3]	6,667	–	–	–	–	**6,667**	–
Sven Boinet[4]	3,333	–	–	–	–	**3,333**	–
Laurent Laffy[5]	–	–	–	–	–	**–**	5,000
Total Directors Remuneration	**650,191**	**86,851**	**248,427**	**20,852**	**59,254**	**1,065,575**	**574,227**

Notes in relation to the above table of remuneration

[1] Vimal Khosla's termination payment is made up of payments made to him on the terms of his leaving the Company, including 4 months notice in lieu of notice, accrued holiday pay and untaken sabbatical of £16,385. Vimal Khosla resigned as a Director on 31 July 2003.

[2] Clive Jacobs was appointed a Director on 17 April 2003.

[3] Agnès Touraine was appointed a Director on 28 May 2003.

[4] Sven Boinet was appointed a Director on 5 August 2003.

[5] Laurent Laffy resigned as Director on 6 March 2003.

The benefits received related to the provision of healthcare insurance for each of the Executive Directors, with the exception of Clive Jacobs whose benefits included provision of a company car, healthcare, contribution to chauffeur costs and permanent health insurance.

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.

Summary Directors' remuneration report continued

Share options

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

	Exercise Price Pence	At 30 September 2002 (or date of appointment if later) Number	Granted Number	Lapsed Number	At 30 September 2003 (or date of cessation if earlier) Number	Normally exercisable until
Executive Directors:						
Brent Hoberman	2.31	151,335	–	–	**151,335**	28 June 2008
	107.00	–	140,187	–	**140,187**	2 December 2012
		151,335	140,187	–	**291,522**	
David Howell	34.00	1,000,000	–	–	**1,000,000**	3 July 2011
	48.00	19,791	–	–	**19,791**	1 December 2005
		1,019,791	–	–	**1,019,791**	
Clive Jacobs	93.25	–	1,000,000	–	**1,000,000**	16 April 2013
Martha Lane Fox	2.31	129,675	–	–	**129,675**	28 June 2008
	107.00	–	130,841	–	**130,841**	2 December 2012
		129,675	130,841	–	**260,516**	
Former Executive Director:						
Vimal Khosla	61.25	600,000	–	290,000	**310,000**	8 April 2012
Non–Executive Directors:						
Bob Collier	2.31	320,625	–	–	**320,625**	31 October 2008
Allan Leighton	137.50	1,000,000	–	–	**1,000,000**	7 January 2011
Total		3,221,426	1,271,028	290,000	**4,202,454**	

All of the above options were granted for nil consideration. No options held by any Director were exercised during the year.

The options granted to Brent Hoberman and Martha Lane Fox during the year are exerciseable subject to the satisfaction of the following performance conditions:

1. The Group must be profitable over 2 successive quarters – this being measured by pre-tax profit and goodwill amortisation; and
2. EPS of the Group must grow by 3% over the UK Retail Prices Index each year over a 3 year period or failing this EPS must grow by 9% over the UK Retail Prices Index over any successive 4 year period.

The options granted to Clive Jacobs during the year are not subject to the satisfaction of any performance conditions, with the exception that the options vest on a monthly basis over a 3 year period from the date of grant.

The options for Vimal Khosla relate to options held by himself and his spouse until his date of cessation as a Director.

The options are granted in accordance with the terms and conditions laid out in the 1998 Unapproved Executive Share Option Scheme, the 2000 Approved Executive Share Option Scheme, the 2000 Unapproved Executive Share Option Scheme, the Non-Executive Share Option Scheme 2000 and the Sharesave Scheme.

The market price of the Company's shares on 30 September 2003 was 255.0p and the high and low closing share prices during the year were 294.5p and 77.6p respectively (2002: 102.0p and 19.0p).

There have been no changes in the interests of the Directors since 30 September 2003. 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
20 November 2003

Summary financial statements

These summary financial statements, which comprise the summary Directors' report on page 8, the summary Directors' remuneration report on pages 8 to 12 and the financial information on pages 14 to 16, 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 2003 are available, free of charge, from the Group Company Secretary, lastminute.com plc, 4 Buckingham Gate, London SW1E 6JP.

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 2003 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 became aware of any apparent misstatements or material inconsistencies with the summary financial statements.

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 2003 and comply 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

20 November 2003

Consolidated profit and loss account for the year ended 30 September 2003

	Year ended 30 September 2003 Before exceptional items and goodwill amortisation £000s	Year ended 30 September 2003 Exceptional items and goodwill amortisation £000s	Year ended 30 September 2003 £000s	Year ended 30 September 2002 £000s
Total transaction value (TTV)[1]	**552,445**	**–**	**552,445**	245,971
Turnover				
Group and share of joint ventures	**190,705**	**–**	**190,705**	35,077
Less share of joint ventures	**(2,311)**	**–**	**(2,311)**	(187)
Continuing operations:				
Ongoing	**59,734**	**–**	**59,734**	34,890
Acquisitions	**128,660**	**–**	**128,660**	–
Group turnover	**188,394**	**–**	**188,394**	34,890
Cost of sales	**87,447**	**–**	**87,447**	1,626
Gross profit	**100,947**	**–**	**100,947**	33,264
Operating costs				
Product development	**4,606**	**1,294**	**5,900**	6,081
Sales and marketing	**61,949**	**1,017**	**62,966**	21,932
General and administration	**19,362**	**2,767**	**22,129**	12,577
Operating costs before depreciation and goodwill amortisation	**85,917**	**5,078**	**90,995**	40,590
EBITDA	**15,030**	**(5,078)**	**9,952**	(7,326)
Depreciation	**14,798**	**–**	**14,798**	9,781
Goodwill amortisation	**–**	**42,261**	**42,261**	18,666
Total operating costs	**(100,715)**	**(47,339)**	**(148,054)**	(69,037)
Operating (loss)/profit				
Continuing operations:				
Ongoing	**(6,392)**	**(47,339)**	**(53,731)**	(35,773)
Acquisitions	**6,624**	**–**	**6,624**	–
Group operating profit/(loss)	**232**	**(47,339)**	**(47,107)**	(35,773)
Share of operating loss in joint ventures	**(183)**	**–**	**(183)**	(413)
Share of operating loss in associate	**(5)**	**–**	**(5)**	(4)
Goodwill amortisation arising on the investment in an associate	**–**	**(592)**	**(592)**	(148)
Total operating profit/(loss): group and share of joint ventures and associate	**44**	**(47,931)**	**(47,887)**	(36,338)
Continuing operations:				
Exceptional costs of a fundamental reorganisation	**–**	**–**	**–**	(3,094)
Profit/(loss) on ordinary activities before interest and taxation	**44**	**(47,931)**	**(47,887)**	(39,432)
Interest receivable	**1,402**	**–**	**1,402**	1,419
Interest payable and similar charges	**(1,222)**	**–**	**(1,222)**	(62)
Profit/(loss) on ordinary activities before taxation	**224**	**(47,931)**	**(47,707)**	(38,075)
Tax on profit/(loss) on ordinary activities	**62**	**–**	**62**	(6)
Profit/(loss) for the financial year and transfer from reserves	**286**	**(47,931)**	**(47,645)**	(38,081)
Profit/(loss) per share – basic and diluted	**0.11p**	**(17.99)p**	**(17.88)p**	(20.15)p
Profit/(loss) per share – basic (pre goodwill amortisation)[2]	**0.11p**	**(1.91)p**	**(1.80)p**	(10.19)p

[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 2003

	Year ended 30 September 2003 £000s	Year ended 30 September 2002 £000s
Loss for the year excluding share of losses in joint ventures and associate	**(46,865)**	(37,516)
Share of joint ventures' loss for the year	**(183)**	(413)
Share of associate's loss for the year and amortisation of goodwill arising on acquisition of associate	**(597)**	(152)
Foreign currency translation difference	**(2,496)**	859
Total recognised gains and losses for the year	**(50,141)**	(37,222)

Balance sheets at 30 September 2003

	Group 2003 £000s	Group 2002 £000s	**Company 2003 £000s**	Company 2002 £000s
Fixed assets				
Intangible assets	**127,018**	81,457	**–**	–
Tangible assets	**21,815**	12,081	**–**	–
Investments				
Subsidiary undertakings	**–**	–	**42,042**	15,333
Joint ventures – gross assets	**1,139**	1,255	**–**	–
– gross liabilities	**(180)**	(396)	**–**	–
– total net assets	**959**	859	**–**	–
Associate	**1,644**	2,232	**2,383**	2,383
Total investments	**2,603**	3,091	**44,425**	17,716
Total fixed assets	**151,436**	96,629	**44,425**	17,716
Current assets				
Stocks	**240**	75	**–**	–
Debtors	**38,905**	16,101	**201,700**	132,082
Cash at bank and in hand	**112,741**	49,617	**–**	6
	151,886	65,793	**201,700**	132,088
Creditors: amounts falling due within one year	**(131,669)**	(53,690)	**(5,037)**	(342)
Net current assets	**20,217**	12,103	**196,663**	131,746
Total assets less current liabilities	**171,653**	108,732	**241,088**	149,462
Creditors: amounts falling due after more than one year including convertible bond	**(70,620)**	(42)	**(69,264)**	–
Provisions for liabilities and charges	**(3,892)**	(4,114)	**–**	–
Total net assets	**97,141**	104,576	**171,824**	149,462
Capital and reserves				
Called up share capital	**2,969**	2,360	**2,969**	2,360
Share premium account	**143,805**	123,631	**143,805**	123,631
Shares to be issued	**4,095**	3,600	**4,095**	3,600
Merger reserve	**123,555**	99,848	**–**	–
Other reserves	**4,160**	6,439	**1,620**	3,899
Profit and loss account	**(181,443)**	(131,302)	**19,335**	15,972
Total equity shareholders' funds	**97,141**	104,576	**171,824**	149,462

These financial statements were approved by the Board of Directors on 20 November 2003.

David Howell

David Howell
Director

Consolidated statement of cash flows for the year ended 30 September 2003

	Year ended 30 September 2003 £000s	Year ended 30 September 2002 £000s
Net cash inflow/(outflow) from operating activities	**29,054**	(2,706)
Cash outflow from exceptional items and acquisition related liabilities	**(7,989)**	(378)
Returns on investments and servicing of finance		
Bond issue costs	**(2,076)**	–
Interest received	**1,224**	1,419
Interest paid	**(1,218)**	(55)
Interest element of finance lease rental payments	**(406)**	(7)
Net returns on investments and servicing of finance	**(2,476)**	1,357
Taxation		
Overseas tax paid	**–**	(241)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(15,198)**	(6,682)
Receipts from sale of tangible fixed assets	**–**	671
Net cash inflow/(outflow) before acquisitions and management of liquid resources and financing	**3,391**	(7,979)
Acquisitions		
Overdraft acquired with subsidiary undertakings	**(9,376)**	–
Cash acquired with subsidiary undertakings	**1,207**	19,088
Payments to acquire subsidiary undertakings/joint venture[1]	**(22,006)**	(16,127)
Net cash outflow before management of liquid resources and financing	**(26,784)**	(5,018)
Management of liquid resources		
Increase in short term deposits	**(5,569)**	(6,043)
Financing		
Issue of bond	**72,063**	–
Issue of share capital	**17,729**	9,024
Share issue costs	**–**	(155)
Repayment of loan	**–**	(766)
Repayments of capital elements of finance leases	**(939)**	(85)
Increase/(decrease) in cash	**56,500**	(3,043)

Reconciliation of cash flow to movement in net funds

	Year ended 30 September 2003 £000s	Year ended 30 September 2002 £000s
Movement in cash	**56,500**	(3,043)
Cash inflow from issue of bond	**(72,063)**	–
Bond issue costs	**2,076**	–
Cash outflow to short term deposits	**5,569**	6,043
Repayments of capital elements of finance leases	**939**	85
Changes in net funds resulting from cashflows	**(6,979)**	3,085
New finance leases	**(2,842)**	(282)
Exchange difference	**1,812**	–
Net funds at the beginning of the year	**49,420**	46,617
Net funds at the end of the year	**41,411**	49,420

[1] For the year ended 30 September 2003, payments to acquire subsidiary undertakings in 2003 includes £2,338,000 deferred consideration in respect of the acquisition of Travelprice.

Shareholder information

Registered Office
4 Buckingham Gate
London
SW1E 6JP
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:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Tel: 0870 162 3100 (if calling from the UK)
+44 20 8639 2157 (if calling from outside the UK)
Fax: +44 (0) 20 8639 2342
email: ssd@capitaregistrars.com

Further information is also available at http://www.capitaregistrars.com

American Depositary Receipts (ADR's)
The Company has sponsored an ADR programme for which JP Morgan act as Depositary. Each ADR represents 5 ordinary shares of the Company. For enquiries, JP Morgan can be contacted at:

JP Morgan Service Center
PO Box 43013
Providence
RI 02940-3013
USA

Tel: +1 781 575 4328
Toll free (for US residents only): +1 800 428 4237

Further information is also available at **http://www.adr.com**

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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