lastminute.com

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12 May 2005

HALF YEAR FINANCIAL RESULTS FOR THE SIX MONTHS TO 31 MARCH 2005

Delivering solid performance

Results highlights

- 57 per cent increase in Total Transaction Value to £512.1 million (H1 2004: £325.4 million).
- Strong forward order bank of £147.9 million at 31 March 2005 (31 March 2004: £80.4 million).
- Gross profit increased to £82.9 million (H1 2004: £55.9 million), representing a gross margin of 16.2 per cent for the half-year (H1 2004: 17.2 per cent).
- Operating cost savings of £2.2 million delivered as planned.
- Positive EBITDA of £0.1 million (H1 2004: loss of £2.6 million), reflecting increased scale and improved operational cost efficiency.
- Loss per share (pre goodwill amortisation) has improved to 3.62 pence (H1 2004: loss of 3.99 pence).
- Overall net cash balances of £40.3 million at 31 March 2005 (31 December 2004: £30.0 million).
- Recommended offer of 165 pence per share from Sabre Holdings, valuing the company at £606 million on an enterprise value basis.

Brent Hoberman, Chief Executive said:
"I am pleased with the continuing solid performance of the business. A number of achievements stand out. We continue to deliver strong top-line organic growth, 27 per cent in H1, with an ongoing robust performance of the lastminute.com brand. We have delivered positive EBITDA for the first half, a substantial improvement from last year. This has all been achieved during a period of significant change within the business as we continue with our integration programme.

For the second quarter, our trading performance demonstrated strong operational leverage, including delivery of the £2.2 million of planned cost savings. The Group saw positive operational free cash flow generation of £11.7 million in the quarter."

Brian Collie, Chairman said:

“Today’s offer from Sabre Holdings is an acknowledgement of the vision, commitment and delivery of the team at lastminute.com. The lastminute.com board recognises the strength of the Company’s brand name and reputation and believes that the offer reflects this.”

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Neil Bennett, Emma Burdett ,Brian Hudspith

There will be an analyst and investor meeting held this morning. Please contact Maitland for details. The presentation to analysts will be available for replay from noon GMT today, 12 May 2005, at www.lastminute.com/ir, the presentation will also be available on the website shortly after 9.30am GMT today.

CHAIRMAN'S STATEMENT

Recommended cash offer for lastminute.com by Sabre Holdings

In conjunction with our interim results announcement, we are today announcing a recommended offer from Sabre Holdings for lastminute.com. The offer is an all cash offer of 165 pence per share, valuing the company at £606 million on an enterprise value basis.

The combination of lastminute.com and Sabre Holdings will create a world scale business, with an even greater capability to work with global airlines and hotel and car rental groups to offer unbeatable deals to our customers in Europe and the US.

The lastminute.com directors recognise the value that lastminute.com's brand name, reputation and market position hold for any potential acquirer and believe that the offer reflects this.

First half overview

The Group has demonstrated continued solid performance on all key metrics. The lastminute.com brand goes from strength to strength and has consolidated its position as Europe's leading independent online travel and leisure brand.

I would like to thank Brent and his team for all their effort and hard work in getting the Group to the position it is in today. We have also continued to strengthen the team with the welcome arrival of Stephen Gleadle, the former CFO at Synstar Plc, as Chief Financial Officer, who joined the business on 29 April 2005.

Brian Collie
Chairman
12 May 2005

OPERATIONAL REVIEW

Business performance

The positive start to the financial year has continued. Overall departure-based Total Transaction Value (TTV) increased 57 per cent year-on-year to £512.1 million. Pro-forma organic like-for-like growth for the half year amounted to 27 per cent. This strong top-line performance has been achieved against a background of significant operational change, resulting from the integration and cost saving programme the Group has undertaken.

TTV for the first-half was greater on an order-date basis with TTV of £561.0 million (H1 2004: £467.4 million on a pro-forma basis).

Overall the Group has delivered its first positive EBITDA for its seasonally weaker first half. EBITDA amounted to £0.1 million for the half, against a loss of £2.6 million for the first half in 2004. The Group has demonstrated positive operational leverage, reflecting the value of increased top-line scale, improved efficiency and ongoing focus on operating costs.

Product highlights

Performance across all product categories has been strong during the first half of the year. The Hotels category particularly stands out. Customers are consistently impressed with the breadth and depth of our product offering and easy-to-use web functionality. A further driver of growth has been increased connectivity to large-chain hotel groups, improving range even further. These factors have driven TTV growth within the Hotels category of 74 per cent year-on-year.

The performance of Hotels positively impacts the profitability of the Group in two ways. First, gross profit margins are above Group average. Second, the operating costs associated with the category are relatively lower than for other products, particularly flights.

Within the Flights category, we have reduced the marketing support for lower margin and call-centre based flights business, particularly in the second quarter.

International

Over the last 18 months, the contribution made to the overall Group performance by the non-UK businesses has continued to improve. The Group has maintained its leading pan-European position within the independent online travel and leisure sector. The results from Spain and Italy have been particularly encouraging. Both markets are continuing to show rapid year-on-year growth and are cementing leading positions within their respective markets. The performance of the French business is also positive. After a challenging period, France is continuing to deliver good organic growth. Following the acquisition of lastminute.de, the Group position within the German market has been enhanced.

Customers

For the Group as a whole, the number of unique customers has increased in the half year to 1.69 million compared with 0.99 million in the first half of 2004, growth of 71 per cent. Those customers purchased 3.6 million items in the half-year, an increase of 49 per cent over the previous year. The Group also celebrated its 10 millionth registered subscriber during the quarter.

In the second quarter, customer acquisition costs were £7.30, the lowest figure that the Group has achieved. In the UK, the customer acquisition costs were even lower, at £5.69.

Integration and cost reduction programme

The budgeted £2.2 million cost saving has been delivered. The TTV growth and EBITDA performance achieved in the first half should be viewed in the context of the significant change in the business associated with the integration programme. The business has experienced substantial re-organisation change including, moving UK business headquarters, closing three offices in the UK and two offices overseas, centralising call centre functions and reducing headcount by over 250 people.

Outlook

The solid performance of the business in the first half of the year has been in line with our expectations. The positive trading performance has continued in April but as always the business remains dependent on the final summer quarter of the financial year.

Brent Hoberman
Chief Executive Officer
12 May 2005

FIRST HALF FINANCIAL REVIEW

Total transaction value (TTV)

TTV increased 57 per cent in the first half to £512.1 million (H1 2004: £325.4 million). On a like-for-like basis (calculated as though the acquired entities had been in place for H1 2004) the increase was 27 per cent. The overall increase can be analysed as follows:

TTV (£m)	H1 2005	H1 2004	% change
Hotels	96.5	55.5	74
Holidays	162.7	106.6	53
Flights	157.8	79.2	99
Car Hire	71.2	65.5	9
Non-travel	23.9	18.6	28
Total	**512.1**	**325.4**	**57**

The Hotels category delivered very strong growth, with TTV of £96.5 million, representing 74 per cent year-on-year growth. The strength of the Hotels category reflects the increased breadth and depth of the product range, as well as the acquisition of Med Hotels and First Option. The Hotels category increased its share of product mix for the Group, to 19 per cent in the half-year from 17 per cent in the equivalent period last year.

Within the Holidays category Dynamic Packaging represented 9 per cent of Group TTV in the first half, up from 7 per cent in the same period last year. The performance of Flights was particularly strong outside the UK in quarter 2, reflecting the earlier stages of online travel and leisure development of these markets. Year-on-year, Flights increased its share of product mix for the Group to 31 per cent, up from 24 per cent in the previous year, partly reflecting the impact of the OTC acquisition.

The more moderate growth within the Car Hire category was as planned. This is a reflection of the market leading position of the Car Hire business.

Within non-travel, tickets for events such as U2 and the V Festival proved very popular, helping to drive 28 per cent year-on-year growth, with TTV increasing to £23.9 million (H1 2004: £18.6 million).

Forward order bank

At any point in time customers will have booked travel products, but not yet departed. The consequent order bank provides both early cash receipts and an element of visibility into the results of future quarters.

It is encouraging to note that year on year the order bank has increased 84 per cent to £147.9 million (31 March 2004: £80.4 million), of which £97.6 million is expected to unwind in quarter 3.

Turnover

Turnover has almost doubled to £222.0 million (H1 2004: £111.5 million) driven by the relatively faster growth of non-agency business. This principally comes from the acquisitions.

Gross profit

Gross profit for the half was £82.9 million (H1 2004: £55.9 million).

As a percentage of TTV this represents a reduction in gross margin of one percentage point to 16.2 per cent (H1 2004: 17.2 per cent) driven by the inclusion of First Option, OTC and lastminute.de in the results, all of which had lower overall gross profit margins than the Group average.

Operating costs

Operating costs before depreciation and goodwill amortisation have increased year-on-year to £82.8 million (H1 2004: £58.5 million) driven by the impact of acquisitions made in 2004 and increased transaction volumes, partially offset by efficiency savings.

As a proportion of TTV this is a reduction from 18.0 per cent to 16.2 per cent with the business benefiting significantly from operational gearing.

EBITDA

These results mark the first time that the Group has achieved a positive EBITDA, in the seasonally weaker first half, of £0.1million (H1 2004: loss of £2.6 million) reflecting both the top line growth and the positive impact of cost savings.

Depreciation and amortisation

Depreciation was £10.1 million (H1 2004: £7.3 million), in line with expectations, arising from both the Group's commitment to a continued and sustained investment in technology in order to create competitive advantage and the effect of the acquired businesses.

Amortisation of goodwill on acquired businesses was £33.0 million (H1 2004: £27.4 million).

Interest

The overall net interest charge for the half-year has improved to £1.8 million (H1 2004: £ 2.5 million).

This charge includes both the interest paid on the Group's net debt position as well as the impact of revaluing the Group's Euro denominated convertible bond to reflect the rate of exchange at the balance sheet date.

Separating out these two impacts the net interest charge can be analysed as follows:

£'m	H1 2005	H1 2004	Change
Net interest paid	(1.5)	(1.0)	(0.5)
Revaluation impact	(0.3)	(1.5)	1.2
Net interest charge in profit and loss	(1.8)	(2.5)	0.7

The increase in net interest paid reflects the year-on-year increase in overall net debt for the Group.

Taxation

There was a small tax charge in the first half of £0.3 million (H1 2004: nil) reflecting profits arising in our Swedish business and lastminute.de in Germany.

Earnings per share

The loss per share (pre goodwill amortisation) has improved to 3.62 pence from a loss of 3.99 pence in the same period last year.

Net cash balance and operating cash flow

Excluding the convertible bond and finance leases the Group had net cash balances of £40.3 million at 31 March 2005 (31 March 2004: £52.5 million). This was better than expected driven by the strong forward order bank.

Stephen Gleadle

Chief Financial Officer

12 May 2005

INDEPENDENT REVIEW REPORT TO LASTMINUTE.COM PLC

Introduction

We have been instructed by the Group to review the financial information for the three months and six months ended 31 March 2005, which comprises the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and the related notes 1 to 7. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Group in accordance with guidance contained in Bulletin 1999/4 'Review of Interim Financial Information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the three months and six months ended 31 March 2005.

Ernst & Young LLP
London
12 May 2005

Consolidated profit and loss account

£'000s	6 Months ended 31 March 2005 (Unaudited)	6 Months ended 31 March 2004 (Unaudited)
Total transaction value (departure based)[1]	**512,066**	325,408
Turnover		
Group and share of joint ventures	**222,038**	111,536
Less: share of joint ventures	**(317)**	(234)
Group turnover	**221,721**	111,302
Cost of sales	**(138,783)**	(55,366)
Gross profit	**82,938**	55,936
Operating costs		
Product development	**(5,068)**	(2,965)
Sales and marketing – agents' commission	**(14,628)**	(10,478)
Sales and marketing – other	**(37,292)**	(29,229)
General and administration	**(25,822)**	(15,841)
Operating costs before depreciation and goodwill amortisation	**(82,810)**	(58,513)
EBITDA	**128**	(2,577)
Depreciation	**(10,145)**	(7,331)
Goodwill amortisation	**(33,028)**	(27,401)
Total operating costs	**(125,983)**	(93,245)
Group operating loss	**(43,045)**	(37,309)
Share of operating (loss)/profit in joint ventures	**(114)**	55
Loss on disposal of investment in joint venture	**(104)**	-
Profit on disposal of investment in associate	**-**	491
Goodwill amortisation arising on the investment in associate	**(172)**	(296)
Loss on ordinary activities before interest and taxation	**(43,435)**	(37,059)
Interest receivable	**3,199**	1,255
Interest payable and similar charges	**(4,988)**	(3,741)
Loss on ordinary activities before taxation	**(45,224)**	(39,545)
Tax on loss on ordinary activities	**(287)**	-
Loss for the financial period	**(45,511)**	(39,545)
Loss per share – basic and diluted	**(13.39)p**	(13.32)p
Loss per share (pre goodwill amortisation)	**(3.62)p**	(3.99)p
Weighted number of ordinary shares outstanding	**339,998,680**	296,870,924
Loss for the financial period (pre goodwill amortisation) (see note 3)	**(12,311)**	(11,848)

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

Consolidated profit and loss account

£'000s	Quarter ended 31 March 2005 (Unaudited)	Quarter ended 31 March 2004 (Unaudited)	Quarter Ended 31 Dec 2004 (Unaudited)
Total transaction value (departure based)[1]	**247,696**	178,831	264,370
Turnover			
Group and share of joint ventures	**95,277**	62,558	126,761
Less: share of joint ventures	**(159)**	(108)	(158)
Group turnover	**95,118**	62,450	126,603
Cost of sales	**(55,924)**	(31,512)	(82,859)
Gross profit	**39,194**	30,938	43,744
Operating costs			
Product development	**(2,891)**	(1,805)	(2,177)
Sales and marketing – agents' commission	**(6,188)**	(5,750)	(8,440)
Sales and marketing – other	**(15,993)**	(14,496)	(21,299)
General and administration	**(12,164)**	(10,381)	(13,658)
Operating costs before depreciation and goodwill amortisation	**(37,236)**	(32,432)	(45,574)
EBITDA	**1,958**	(1,494)	(1,830)
Depreciation	**(5,453)**	(3,795)	(4,692)
Goodwill amortisation	**(16,231)**	(14,549)	(16,797)
Total operating costs	**(58,920)**	(50,776)	(67,063)
Group operating loss	**(19,726)**	(19,838)	(23,319)
Share of operating loss in joint ventures	**(61)**	(139)	(53)
Loss on disposal of investment in joint venture	**(104)**	-	-
Goodwill amortisation arising on the investment in associate	**(86)**	(148)	(86)
Loss on ordinary activities before interest and taxation	**(19,977)**	(20,125)	(23,458)
Interest receivable	**2,691**	979	508
Interest payable and similar charges	**(1,428)**	(2,106)	(3,560)
Loss on ordinary activities before taxation	**(18,714)**	(21,252)	(26,510)
Tax on loss on ordinary activities	**(364)**	-	77
Loss for the financial period	**(19,078)**	(21,252)	(26,433)
Loss per share – basic and diluted	**(5.59)p**	(7.03)p	(7.80)p
Loss per share (pre goodwill amortisation)	**(0.81)p**	(2.17)p	(2.82)p
Weighted number of ordinary shares outstanding	**341,262,156**	302,324,288	338,997,911
Loss for the financial period (pre goodwill amortisation) (see note 3)	**(2,761)**	(6,555)	(9,550)

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

Consolidated Balance Sheet

£'000s		At 31 Mar 2005 (Unaudited)	At 31 Mar 2004 (Unaudited)	At 31 Dec 2004 (Unaudited)	At 30 Sept 2004 (Audited)
Fixed assets					
Intangible assets		**145,777**	136,978	161,427	178,480
Tangible assets		**30,623**	25,773	32,214	32,527
Investments					
Joint venture	- gross assets	**758**	683	914	994
	- gross liabilities	**(362)**	(142)	(370)	(319)
	- total net assets	**396**	541	544	675
Associate		**463**	337	548	554
Total investments		**859**	878	1,092	1,229
Total fixed assets		**177,259**	163,629	194,733	212,236
Current assets					
Stock		**1,696**	912	1,252	565
Debtors		**111,487**	40,157	109,022	106,839
Cash at bank and in hand		**40,337**	52,471	30,009	85,944
		153,520	93,540	140,283	193,348
Creditors: amounts falling due within one year		**(207,961)**	(109,482)	(190,301)	(237,560)
Net current liabilities		**(54,441)**	(15,942)	(50,018)	(44,212)
Total assets less current liabilities		**122,818**	147,687	144,715	168,024
Creditors: amounts falling due after more than one year		**(69,098)**	(71,273)	(71,064)	(68,964)
Provisions for liabilities and charges		**(2,173)**	(2,550)	(3,345)	(3,818)
Total net assets		**51,547**	73,864	70,306	95,242
Capital and reserves					
Called up share capital		**3,416**	2,950	3,387	3,375
Share premium account		**140,649**	153,317	140,430	139,413
Shares to be issued		**3,210**	10,595	6,000	6,000
Merger reserve		**204,689**	123,515	201,972	201,972
Other reserves		**1,454**	3,275	1,267	1,331
Profit and loss account		**(301,871)**	(219,788)	(282,750)	(256,849)
Total equity shareholders' funds		**51,547**	73,864	70,306	95,242

Consolidated statement of cash flows

£'000s	Quarter ended 31 Mar 2005 (Unaudited)	Quarter ended 31 Mar 2004 (Unaudited)	Quarter ended 31 Dec 2004 (Unaudited)	Six months ended 31 Mar 2005 (Unaudited)	Six months ended 31 Mar 2004 (Unaudited)
Net cash inflow/(outflow) from operating activities	**17,606**	7,785	(52,982)	**(35,376)**	(29,256)
Cash outflow from exceptional items and acquisition related liabilities (see note 4)	**(1,363)**	(119)	(551)	**(1,914)**	(549)
Return on investments and servicing of finance					
Interest received	**627**	979	501	**1,128**	1,255
Interest paid and interest element of finance lease rental payments	**(2,280)**	(3,255)	(198)	**(2,478)**	(3,741)
Net (outlay)/return on investments and servicing of finance	**(1,653)**	(2,276)	303	**(1,350)**	(2,486)
Taxation					
Tax paid	**(364)**	-	-	**(364)**	-
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets	**(3,880)**	(5,095)	(4,379)	**(8,259)**	(10,140)
Net cash inflow/(outflow) before acquisitions and management of liquid resources and financing	**10,346**	295	(57,609)	**(47,263)**	(42,431)
Acquisitions					
Payments to acquire subsidiary undertakings	**(151)**	(13,949)	-	**(151)**	(26,216)
Cash acquired with subsidiary undertakings	**-**	6,613	-	**-**	9,073
Cash received from part disposal of associate	**-**	683	-	**-**	683
Net cash inflow/(outflow) before management of liquid resources and financing	**10,195**	(6,358)	(57,609)	**(47,414)**	(58,891)
Management of liquid resources					
Reduction in short term deposits	**115**	2,146	5,579	**5,694**	3,862
Financing					
Issue of share capital	**226**	575	1,028	**1,254**	832
Repayment of capital elements of finance leases	**(93)**	(219)	(91)	**(184)**	(438)
Increase/(decrease) in cash	**10,443**	(3,856)	(51,093)	**(40,650)**	(54,635)
Reconciliation of cash flow to movement in net debt					
Increase/(decrease) in cash	**10,443**	(3,856)	(51,093)	**(40,650)**	(54,635)
Cash inflow from reducing short term deposits	**(115)**	(2,146)	(5,579)	**(5,694)**	(3,862)
Repayment of capital elements of finance leases	**93**	219	91	**184**	438
Change in net funds resulting from cash flows	**10,421**	(5,783)	(56,581)	**(46,160)**	(58,059)
Amortisation of Eurobond issue costs	**(104)**	-	(117)	**(221)**	-
Exchange gain/(loss)	**2,070**	(2,788)	(1,540)	**530**	(2,899)
Net (debt)/funds at beginning of the period	**(41,629)**	(10,977)	16,609	**16,609**	41,411
Net debt at the end of the period	**(29,242)**	(19,548)	(41,629)	**(29,242)**	(19,547)
Operating cash inflow/(outflow) before exceptional items (see note 4)	**11,709**	414	(57,058)	**(45,349)**	(41,882)

Notes to the Interim Financial Statements

1. Basis of reporting

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 30 September 2004. The financial information contained in this interim statement does not constitute statutory accounts within the meaning as defined in Section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 30 September 2004. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

2. Additional information

	Quarter ended					
	31 Mar 2005	**31 Dec 2004**	**30 Sept 2004**	**30 Jun 2004**	**31 Mar 2004**	**31 Dec 2003**
Number of registered subscribers at period end	**10,364,719**	9,806,535	9,335,620	9,645,971	8,336,186	8,042,492
Number of cumulative customers at period end	**7,286,682**	6,321,447	5,592,919	4,536,793	3,754,856	3,245,477
Number of items sold in period	**2,039,102**	1,539,230	2,093,862	1,895,466	1,423,053	979,942

3. Reconciliation of loss for the financial period (pre goodwill amortisation)

	Quarter ended		Quarter ended	Six months ended	
£'000s	**31 Mar 2005**	**31 Mar 2004**	**31 Dec 2004**	**31 Mar 2005**	**31 Mar 2004**
Loss for the financial period	**(19,078)**	(21,252)	(26,433)	(45,511)	(39,545)
Add: goodwill amortisation (group and associate)	**16,317**	14,697	16,883	33,200	27,697
Loss on ordinary activities before taxation (pre- goodwill amortisation)	**(2,761)**	(6,555)	(9,550)	(12,311)	(11,848)

4. Reconciliation of operating cash inflow/(outflow) (before exceptional items)

	Quarter ended		Quarter ended	Six months ended	
£'000s	**31 Mar 2005**	**31 Mar 2004**	**31 Dec 2004**	**31 Mar 2005**	**31 Mar 2004**
Net cash inflow/(outflow) before acquisitions and management of liquid resources and financing	**10,346**	295	(57,609)	**(47,263)**	(42,431)
Add:					
Cash outflow from exceptional items	**1,363**	119	551	**1,914**	549
Operating cash inflow/(outflow) (before exceptional items)	**11,709**	414	(57,058)	**(45,349)**	(41,882)

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

	Quarter ended		Quarter ended	Six months ended	
£'000s	**31 Mar 2005**	**31 Mar 2004**	**31 Dec 2004**	**31 Mar 2005**	**31 Mar 2004**
Operating loss	**(19,726)**	(19,838)	(23,319)	**(43,045)**	(37,309)
Depreciation	**5,453**	3,795	4,692	**10,145**	7,331
Goodwill amortisation – subsidiary undertakings	**16,231**	14,549	16,797	**33,028**	27,401
Net working capital movement	**15,648**	9,279	(51,152)	**(35,504)**	(26,679)
Net cash inflow/(outflow) from operating activities	**17,606**	7,785	(52,982)	**(35,376)**	(29,256)

6. Reconciliation of net cash to net debt

	At		
£'000s	**31 Mar 2005**	**31 Mar 2004**	**31 Dec 2004**
Net cash balance at end of quarter (includes short term deposits)	**40,337**	52,471	30,009
Convertible bond (included within creditors due after more than one year)	**(69,098)**	(70,390)	(71,064)
Finance leases	**(481)**	(1,629)	(574)
Net debt at end of quarter	**(29,242)**	(19,548)	(41,629)

7. Total transaction value (TTV), turnover and segmental analysis

The Group is engaged in the provision of travel, leisure and gift solutions to its customers via the Internet and other related electronic distribution platforms. The Group's TTV and turnover are all generated within this segment.

Geographical analysis

£000s	TTV (by destination and source)				Turnover (by destination and source)			
	Quarter ended		Six months ended		Quarter ended		Six months ended	
	31 Mar 2005	31 Mar 2004	31 Mar 2005	31 Mar 2004	31 Mar 2005	31 Mar 2004	31 Mar 2005	31 Mar 2004
By geographical area:								
United Kingdom	**161,276**	122,123	**343,538**	212,451	**70,255**	40,354	**170,475**	65,293
France	**33,441**	24,872	**65,813**	48,792	**4,232**	3,750	**8,254**	7,525
Germany	**23,757**	12,334	**46,127**	26,308	**12,368**	9,939	**25,718**	22,126
Italy	**8,860**	5,311	**19,012**	11,627	**981**	498	**2,181**	1,263
Spain	**10,119**	4,135	**17,029**	6,670	**1,010**	678	**1,905**	953
Other European Union countries	**9,295**	9,231	**18,634**	18,040	**6,272**	7,231	**13,188**	14,142
Group	**246,748**	178,006	**510,153**	323,888	**95,118**	62,450	**221,721**	111,302
Joint ventures	**948**	825	**1,913**	1,520	**159**	108	**317**	234
	247,696	178,831	**512,066**	325,408	**95,277**	62,558	**222,038**	111,536

£000s	Net loss on ordinary activities before taxation[2]				Net assets/(liabilities)[3]	
	Quarter ended		Six months ended			
	31 Mar 2005	31 Mar 2004	31 Mar 2005	31 Mar 2004	31 Mar 2005	31 Mar 2004
By geographical area:						
United Kingdom[1]	**(16,351)**	(16,517)	**(33,145)**	(25,658)	**33,193**	66,658
France	**(1,231)**	(1,284)	**(4,264)**	(7,264)	**10,130**	41,698
Germany	**(1,945)**	(1,643)	**(4,660)**	(2,073)	**45,177**	(12,440)
Italy	**(192)**	17	**(167)**	199	**(618)**	(6)
Spain	**(161)**	(171)	**(306)**	(338)	**(1,260)**	(1,465)
Other European Union countries	**154**	(240)	**(503)**	(2,175)	**(7,173)**	(3,540)
	(19,726)	(19,838)	**(43,045)**	(37,309)	**79,449**	90,905
Share of operating (loss)/profit and net assets of joint ventures	**(61)**	(139)	**(114)**	55	**396**	541
Share of operating loss and net assets of associate	**-**	-	**-**	-	**463**	337
Amortisation of goodwill arising on the acquisition of associate	**(86)**	(148)	**(172)**	(296)	**-**	-
Loss on disposal of investment in joint venture	**(104)**	-	**(104)**	-	**-**	-
Profit on disposal of investment in associate	**-**	-	**-**	491	**-**	-
Net interest receivable/(payable)	**1,263**	(1,127)	**(1,789)**	(2,486)	**-**	-
Convertible bond	**-**	-	**-**	-	**(69,098)**	(70,390)
Interest bearing assets	**-**	-	**-**	-	**40,337**	52,471
	(18,714)	(21,252)	**(45,224)**	(39,545)	**51,547**	73,864

[1] The UK losses include central technical development and maintenance costs and the expenses related to the Group management functions, which are not apportioned across the Group's operating business.

[2] Net loss on ordinary activities before taxation for quarter ended 31 March 2005 includes £16,317,000 of goodwill amortisation (quarter ended 31 March 2004: £14,697,000).

[3] Net assets include £145,777,000 goodwill (31 March 2004: £136,978,000).

Definitions

Registered subscribers are users of the lastminute.com website who have submitted their e-mail addresses and other data and have elected to receive lastminute.com's weekly e-mail. This does not include users who register with the company, but elect not to receive its weekly e-mail. Since lastminute.com counts its registered subscribers based on their e-mail addresses, users who register multiple times using different e-mail addresses will count as multiple registered subscribers. For example, if a user has registered with lastminute.com using an e-mail address at work and one at home, the user will be counted as two registered subscribers.

Total transaction value ("TTV") does not represent statutory turnover. Where lastminute.com acts as agent or cash collector, TTV represents the price at which products or services have been sold across the Group's various platforms. In other cases, for example the reservation of restaurant tables, a flat fee is earned, irrespective of the value of products or services provided. In such cases TTV represents the flat fee commission earned. Where lastminute.com acts as principal, TTV represents the price at which goods or services are sold across the Group's various platforms.

Proforma organic like-for-like growth is calculated on a quarterly basis and represents the quarter-on-quarter growth in total businesses compared to proforma like-for-like TTV for the prior year.

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

Gross margin is defined as pre-exceptional gross profit over total transaction value.

Operating cash inflow/(outflow) is defined as net cash inflow/(outflow) before management of liquid resources, financing and acquisitions.

Conversion is defined as **the number of customers** over the number of **registered subscribers** (excluding those applicable to joint ventures).

The **number of customers** is the cumulative number of customers (excluding repeat customers) since the inception of lastminute.com and the cumulative number of Degriftour, Travelselect.com, Destination Group,Travelprice.com, holiday autos, Med Hotels, First Option, Gemstone, OTC and lastminute.de's customers (excluding repeat customers) since acquisition in October 2000, April 2002, June 2002, July 2002, March 2003, December 2003, January 2004, March 2004, April 2004 and June 2004 respectively. Customers are defined as individuals who have purchased goods and services over lastminute.com's platforms.

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

Customer acquisition costs are defined as external media spend divided by the number of unique customers in the period.

This announcement may contain forward-looking statements. Expressions of future goals, including without limitation, “will”, “should”, “could”, or “expect”, and similar expressions reflecting something other than historical fact are intended to identify forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The following factors, among others, could cause lastminute.com’s actual results to differ materially from those described in the forward looking statements: management of lastminute.com’s rapid growth, speed of technological change, including introduction of new architecture for its websites; systems-related failures; the ability to attract and retain qualified personnel; adverse changes in lastminute.com’s relationships with airlines and other product and service providers; adverse changes in the services provided by lastminute.com’s relationships with airlines and other product and service providers; adverse changes in the services provided by lastminute.com’s suppliers, lastminute.com’s ability to attract and develop an adequate international supplier and customer base; potential adverse changes in its commission rates; the effects of increased competition; risks relating to operating Internet-based commerce in foreign markets; lastminute.com’s dependence on its ability to establish its brand; lastminute.com’s ability to protect its domain names and other intellectual property rights; legal and regulatory risks; a slowdown in the continued growth of e-commerce and the Internet; unforeseen events affecting the travel industry and factors adversely affecting lastminute.com’s share price.