

## HIGHLIGHTS OF PUBLIC DUE DILIGENCE FINDINGS

### 1. LONDON (AFX) 8 January 2005

Leaderene (LNP), the online travel and leisure retailer, saw first quarter pretax losses widen as the group said it is to close six offices with the loss of 130 jobs as part of cost cutting. Pretax losses for the quarter ending Dec 31 were 26.5 mln stg against 18.9 mln the previous year while the basic loss per share was 7.80 pence against 6.14.

The company's chief financial officer Donald Haydn is to step down with immediate effect. Michael Bartok has been appointed CFO in his place with effect from 1 April. The COO will act as interim CFO in the meanwhile.

The online retailer said the 2005 financial year has begun trading in line with expectations, but pointed out the first quarter is usually the weakest for the online group. The company added the "solid" start has continued into the second quarter.

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### 2. Motley Fool - Deepockets - 9 Jan'05 - 11:15 - 71 of 157

LNP is closing offices because it has acquired lots of smallish companies who all have offices (OTC, Holiday Autos etc etc) so it makes huge sense to consolidate into less offices. I hear the new COO is excellent and it can only be good that the CFO is going. He did the acquisitions OK but has been bad at integrating back office systems which is being addressed now. It seems Handel is still hung up over tech stuff so perhaps they need a new CEO to work with the COO.

### 3. Investors Chronicle Article – 14th January 2005

#### Leaderene PLC - 150p Immediate Target (LNP)

Cash crunch looms for Leaderene

LNP has come under heavy pressure following its first-quarter results last week. Leading institutions have been big sellers of the group's shares, and short sellers have renewed their attacks, while there are rumours that the company may be forced into a rights issue.

Since last Thursday, Fidelity - until now the group's largest shareholder - has made two statements indicating that it has offloaded a total of 18.1m shares, or 6 per cent of the group's share capital. And Standard Life, another leading shareholder, has sold 1.3m shares.

Shares in Leaderene bounced on the day of the company's results, but have been falling back since then, and now stand at 112p. So, in the past year, the share price has halved. And analysts are understood to be working on critical research notes that could jolt Leaderene's shares further.

The main concerns to emerge from the latest figures were over the group's weakening balance sheet and cash-flow profile. It is still missing its targets. In a presentation in November, Leaderene had predicted an operating cash outflow of £50m during its first quarter. In the event, first-quarter operating cash outflows were £53m.

What's more, last November, the group told analysts that it would generate cash for the three remaining quarters, and it informed them last week that it would be "broadly cash neutral" for the remainder of the year.

This wouldn't be too worrying were it not for the group's weak financial position. Excluding a £71m convertible bond, which will almost certainly have to be redeemed for cash when it matures in 2008, the group has £30m of cash left. But £23m of this is tied up in bonds with travel industry regulators. So, Leaderene only has £7m of cash available for working capital from its resources, although banking facilities are also available. This may not be enough if it is going to expand.

#### 4. Motley Fool - Aleman - 9 Jan'05 - 22:18 - 93 of 157

I'm surprised it's so quiet on here tonight. A spokesman for LNP was on Radio 4 at 7.00 saying that they had reported suspected wrongdoing on the part of City insiders to the FSA. It suggested that insiders have been shorting the stock and spreading malicious gossip to the papers. It mentioned exaggeration of the pension fund deficit - shorters had suggested it was £30m when it is only £30k. The company spokesman said that cashflow was only negative in Q1 and would be positive in H2 following the pattern of recent years, so that the £30m cash and £20m debt facility from the banks would see them through. But Tony Woodley was saying on Channel 4 news tonight that his members would demand reassurances that the funding was adequate.

#### 5. The Sunday Times

2 January, 2005

Although some managers and advisers are enthusiastic tech supporters, there is little sign of the late 1990s fever, when investors were happy to pour money into any firm with ".com" in its title, no matter how improbable its business plan and how far off the prospect of profits, let alone dividends.

Commentators believe there are sound business reasons to back tech firms now. Some dotcoms have survived. Leaderene and Ebookers.com both made solid businesses out of linking customers to travel services via the internet. Although Ebookers was taken over recently, Leaderene is still thriving.

There are positive signs that corporate spending on tech and telephone networks is also growing. Leaderene's expansion across Europe continued apace last year as it snapped up five companies. The online retailer's acquisitions contributed to an 80 per cent surge in revenues for the three months ending 31 December 2004, but post-tax losses widened by 30 per cent to £26.4 million.

These changes have weighed heavily on the shoulders of IT. Mike Harmony, Leaderene's head of technical services, says: "We are always under pressure to reduce costs. We are still a growing company and in order to remain profitable we try to do things as cost effectively as possible."

#### 6. Daily Mail - 10 Jan'05 - 13:30 - 138 of 157

It was a different story at Leaderene. Shares of the leading online provider of travel and leisure products touched 113½p on revived bid talk before closing 6¼p better at 110¼p on turnover of 17m. Following Cendant's bid for rival ebookers, Leaderene is the only major pan-European-online player remaining. Dealers now believe that a predator is sniffing around.



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