



ANNUAL REPORT & ACCOUNTS 2009

1.



NEW ERA

2.



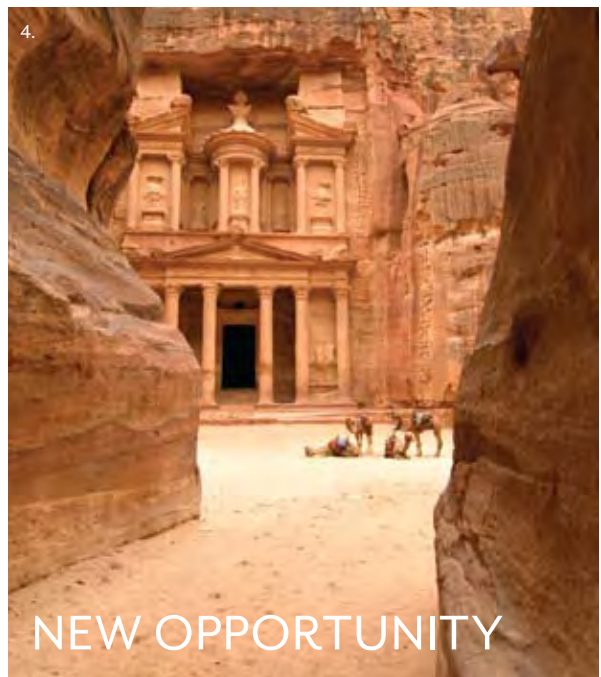
NEW STRATEGY

3.



NEW STRUCTURE

4.



NEW OPPORTUNITY



ANNUAL REPORT & ACCOUNTS
For the year ending 31 October 2009

TRAVELZEST IS AN EMERGING TRAVEL GROUP WITH CROSS CONTINENT RETAIL BRANDS AND INTEGRATED TOUR OPERATIONS TO SOME OF THE MOST ATTRACTIVE TRAVEL DESTINATIONS IN THE WORLD

VISION

To be a highly profitable, sustainable high-growth travel group offering travellers the best available online and offline travel retail service and a range of specialised holiday experiences.

MARKETS

We are focused on consumer markets that have high outbound travel patterns and stable economies, and travel programs to destinations that allow for improved margins and the potential for integrated tour operating activities.

SUMMARY

Travelzest has emerged from one of the most difficult periods in travel history with a lower cost structure, more focused vision, strategies that leverage the capabilities of all our operations, and with the goal to build and grow our customer base while containing costs to drive earnings and shareholder value. We continue to differentiate ourselves in the market by developing new and innovative marketing and promotional concepts that we can bring to the consumer, as well as finding new destinations and products that enhance our ability to provide the consumer with a unique experience.

LOOKING FORWARD

We see numerous opportunities to expand our retail and tour operations, and we continue to review new strategies to grow the business globally.

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COMPANY FINANCIAL STATEMENTS

HIGHLIGHTS

Operating
profit**£1.3m**

2008 (loss): £2.3m

Underlying
operating profit margin**+14.3%**Profit
after tax**£719,000**

2008 (loss): £4.9m

Total
transaction value**£189.5m**

2008: £179.2m (restated)

Total transaction
value increase**+6%**Underlying operating
profit per share***+33.0%**

“2009 was a restructuring and re-energising year which brought together the strengths and people in the Travelzest Group of companies to work as a team. We have great belief in our brands and great confidence in our new management team and operational structure, which together provide the foundation for our future performance.”

Jonathan Carroll, Chief Executive Officer

Financial Highlights

- Operating profit increased to £1.3 million (2008 (loss): £2.3 million)
- Underlying operating profit increased 6% to £5.5 million (2008: £5.1 million)**
- Underlying operating profit margin increased from 11.6% to 14.3%
- Total transaction value increased 6% to £189.5 million (2008: £179.2 million restated)
- Profit after tax for the year £719,000 (2008 (loss): £4.9 million)
- Basic and diluted profit per share increased to 1.52 pence (2008 (loss): 17.19 pence)
- Underlying profit per share* increased by 33% to 10.36 pence (2008: 7.78 pence)

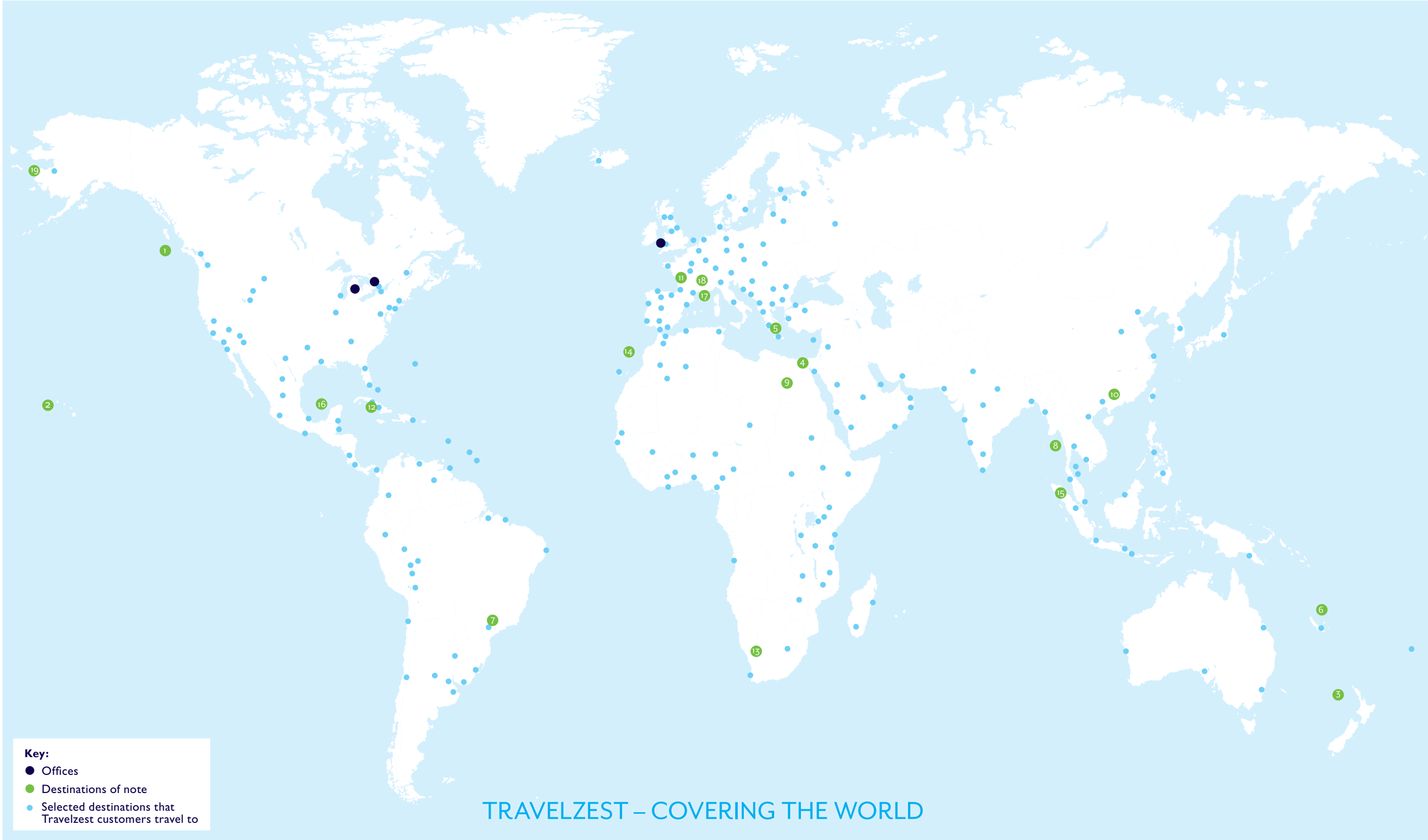
* Underlying profit per share as per prelims, is adjusted for amortisation of intangible assets & goodwill impairment, separately disclosed items and excludes the profit & loss impact of options and warrants

** (operating profit before separately disclosed items of £2.8 million (2008: £3.6 million) and amortisation of intangible assets & goodwill impairment of £1.4 million (2008: £3.8 million))

Operational Highlights

- New Executive Directors appointed
- Restructuring of the operational structure of the Group substantially completed
- Successful capital restructuring raising £5.7 million of equity and renegotiation of the Group's debt facility to allow greater flexibility
- Continued strong performance from the Group's Canadian operations
- Independent recognition from industry observers for the quality of service provided by Travelzest Group companies, including:
 - One of the World's 126 Top Travel Specialists by the elite Conde Nast Traveler magazine
 - Finalist at The British Travel Awards in two categories
 - Top five short break companies at the 2009 Guardian Observer and guardian.co.uk travel award
 - Voted favourite tour operator by Which? Members
 - AITO Travel Company of the Year award

WHERE WE OPERATE



TRAVELZEST – COVERING THE WORLD

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HISTORY

TRAVELZEST IS AN EMERGING TRAVEL GROUP WITH CROSS CONTINENT RETAIL BRANDS AND INTEGRATED TOUR OPERATIONS TO SOME OF THE MOST ATTRACTIVE TRAVEL DESTINATIONS IN THE WORLD



Following the listing of VFB Group plc in 2005 on the OFEX (now PLUS market), and subsequent name change to Travelzest, the Company later that year floated on AIM exchange. Over the following four years the Board added ten acquisitions to the Group.

With little integration or common strategy between the Group of companies in Travelzest, in 2009 the Board appointed a new executive management team from its largest operation in Canada to restructure and develop a new vision and strategic direction for the Company. Jonathan Carroll was appointed Group Chief Executive (previously President of itravel2000), and Jack Fraser as Group Chief Operating Officer and Financial Director (previously Chief Financial Officer and Head of Corporate Development of itravel2000).

The new vision and strategic goals developed combines the diverse entities in Travelzest with integrated marketing strategies that will invigorate consumer awareness of the various products offered. The remaining brands in Travelzest will be brought together as a single offering to the consumer. Internal operations will become more efficient and productive by managing the Group functionally and not by brand.

Travelzest has travel retail operations in the United Kingdom and Canada that service consumer bases in both countries as well as the United States of America. Travelzest's currently has tour operating programs to various countries including France, Cuba, Italy, Malaysia, Mexico, Morocco and Turkey.



COMPANY STRUCTURE

THE BUSINESS HAS BEEN UNIFIED INTO ONE OPERATION THAT HARNESSES THE CAPABILITIES OF OUR ONLINE AND OFFLINE TRAVEL RETAIL OPERATIONS AND OUR SPECIALIST TOUR OPERATORS

The business now operates in two continents and has 10 offices between the United Kingdom and Canada. The client base that Travelzest services is primarily located in UK, Canada, and USA which provides access to over 390 million potential travellers.

Travelzest's retail operations service various consumer demographics and affluence levels. In the UK, our brands are now being developed further to build consumer awareness in the market in order to promote our tour operating products more cohesively and prominently to the consumer. The Group has also successfully integrated various tour operating products into our Canadian distribution and we have experienced early signs of demand for these products.

Existing and new tour operations are being reviewed on an opportunity-by-opportunity basis as our consumers' interests adjust, expand and diversify.

We continue to create more efficient and productive operations by developing our shared services throughout the Group. Marketing, advertising, sales operations, back office functions, accounting, and technology operations are all now being unified to allow for the implementation of new ways of doing business. This will provide for a stronger, more easily managed, and lower cost-structure.



STRATEGY

TRAVELZEST'S STRATEGY IS TO DEVELOP A UNIFIED TRAVEL GROUP THAT SHARES IDEAS, RESOURCES, AND A HIGH LEVEL OF SERVICE TO FURTHER THE EXPERIENCE WE PROVIDE TO OUR CUSTOMERS

7. COPACABANA BEACH, BRAZIL



We are focused primarily on developing our consumer offerings, capturing more market share, and building stronger more active customer databases. We continue to leverage our unique and innovative advertising and marketing capabilities across the Group, while at the same time, reviewing new opportunities to manage the travel experience of our customers through integrated low-risk tour operations to various destinations. We continue to build our customers' awareness of the Travelzest Experience and our dedication to providing a unique holiday with the highest level of service.

8. PHUKET, THAILAND



Travelzest's strategy is to develop a unified travel Group that shares ideas, resources, and a high level of service to further the experience we provide to our customers.

Key objectives:

- Strengthen revenue streams by growing market-share in retail operations through superior marketing and distribution.
- Develop strong retail brands with specialist tour operator sub-brands that focus on the high-growth sectors or destinations.
- Leverage the unique capabilities of Travelzest's online and offline distribution channels and their inherent strengths.
- Rapidly improve the operational process of each business unit to be more efficient and more scalable.
- Utilize centrally managed shared services and systems to eliminate duplication of tasks and resources, develop more unified systems and more scalable operations.
- Adhere to the highest levels of corporate governance through centrally managed policies and internal audit practices.

Priorities for 2009-2010

- 1 Cross-selling of unique tour operating product through existing distribution channels.
- 2 Complete the implementation of new and innovative marketing and advertising capabilities in all our retail consumer offerings.
- 3 Launch of new retail offering to the UK market that promotes all Travelzest's tour operating products.
- 4 Continue to improve systems and operations in all offices.
- 5 Implementation of centralized corporate policies and controls.

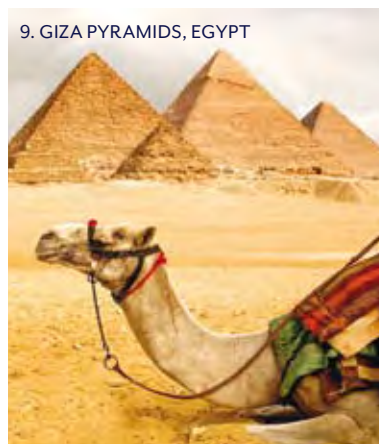
Summary

Travelzest continues to identify new opportunities for improving our existing operations and developing more sustainable revenue streams and ultimately improved earnings. Our focus is on increasing our market share in the United Kingdom, Canada, and USA through unique retail offerings. We also will improve our tour operations to provide a more cohesive offering to our customers. We continue to maintain a low risk, scalable business model within the products we offer and the operations we run.

We see further opportunities for Travelzest to expand its consumer base to new markets, as well as review new destinations and products that will enhance our tour operating programs.

Travelzest has also implemented a Group-wide corporate governance policy that encompasses, among other items, centralized treasury management, expense and contract controls, and HR management.

9. GIZA PYRAMIDS, EGYPT



10. HONG KONG



CHAIRMAN'S STATEMENT

THE GROUP IS WELL POSITIONED TO PROSPER THROUGH MARKET AND ECONOMIC CYCLES



Mark T J Molyneux

The year to 31 October 2009 was one of great change and improvement for Travelzest as we restructured and strengthened the Group's operations and balance sheet.

In making these changes, the Group improved underlying operating profit, moved to a more integrated management structure and implemented new corporate governance and control measures.

The Board is pleased with the progress made.

The year's most significant operational changes were the appointments of Jonathan Carroll as Chief Executive Officer and Jack Fraser as Chief Operating Officer and Finance Director.

Promoted from our largest operating business, ittravel2000, Jonathan and Jack successfully led the reorganisation and capital restructuring which took place in the second half of the year and are now focussed on growing your business profitably. We expect to reap the benefits of the reorganisation in forthcoming years and believe the Group is well positioned to prosper through market and economic cycles.

The Group sells overseas holidays and travel to clients who live mainly in the United Kingdom and Canada. This model provides us with a diversity of geography, currency, seasonality and distribution, which is a strength. With the power of Travelzest's brands and the proven

retailing ability of our businesses, in particular ittravel2000, we see attractive markets to exploit and the ability to create value for shareholders.

Travelzest's ambition is to be our customers' advocate in finding them the most attractive holidays and the best experiences. We are investing in technology that will enable us to cross sell our products between the customers of our portfolio businesses, which we have not previously been able to do. We have also greatly simplified our operating structure and built integrated common services in our advertising, marketing, product, and back office to provide better managerial functions to support our businesses. This gives greater efficiency and provides information to enable us to better manage the Group.

Results

Total transaction value has grown 6% to £189.5 million from £179.2 million (restated). Revenue decreased 13% to £38.3 million from £44.3 million, gross profit improved slightly to £22.5 million from £22.4 million, operating profit increased to £1.3 million (2008 (loss): £2.3 million), and underlying operating profit before separately disclosed items of £2.8 million (2008: £3.6 million) and amortisation of intangible assets and goodwill impairment of £1.4 million (2008: £3.8 million) has increased by 6% to £5.5 million (2008: £5.1 million). Basic and diluted profit per share increased to 1.52 pence (2008 (loss): 17.19 pence).

THE STRENGTHS OF OUR BUSINESS MODEL: GEOGRAPHY; CURRENCY; SEASONABILITY; DISTRIBUTION

Underlying operating profit per share (adding back separately disclosed items and amortisation of intangible assets and goodwill impairment) increased by 33% to 10.36 pence from 7.78 pence based on adjusted profit of £4,892,000.

A description of the performance of the Group's operations is given in the Chief Executive's statement.

Capital Restructuring

Because of the decline in the Group's cash in 2008 and the difficult economic environment that existed, the Board decided to strengthen its balance sheet through the restructuring of the existing debt facility and to raise equity through a placing of new ordinary shares to existing shareholders and Directors of the Company. This was successfully completed in September 2009 with the injection of approximately £5.7m (before expenses) of new funds. At the same time, the terms of the Group's principal debt facilities were restructured.

Acquisitions

The Board is dedicated to creating value for shareholders and will explore opportunities to acquire businesses which complement the Group's strategy and operational structure.

People

The leaders of our businesses responded magnificently during what was a memorable and difficult year, coping with the palaver and uncertainty with

fortitude, confidence and professionalism. This gives me confidence in the strength of our Group and I see a promising future under their direction.

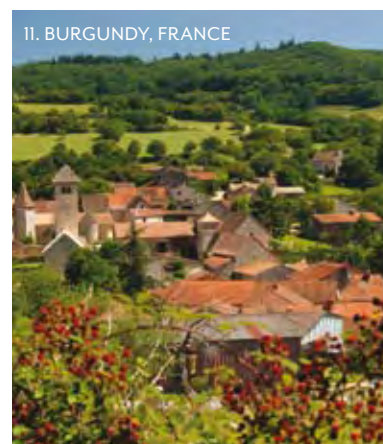
I thank all who work for the Travelzest Group of companies, especially our business leaders, for their dedication and hard work during the year.

Outlook

Whilst the past year has been the most difficult in our Company's history, we are cautiously optimistic about our markets for the next 12 months. We are seeing promising economic indicators from Canada and very early signs of the same in the UK. The late booking market continues to be important to us and with the new marketing initiatives under development, we remain hopeful for the coming financial year.

Mark T J Molyneux
Chairman

28 January 2010



11. BURGUNDY, FRANCE



12. HAVANA,
CUBA

CHIEF EXECUTIVE'S STATEMENT

A NEW STRATEGIC PLAN WAS DEVELOPED THAT COMBINED OUR TOUR OPERATING STRENGTH, OUR UNIQUE MARKETING CAPABILITIES, AND OUR ONLINE AND OFFLINE RETAIL DISTRIBUTION CAPABILITIES



Jonathan Carroll

As this is my first Chief Executive's statement to our shareholders, I would like to express on behalf of Jack and myself our gratitude to our shareholders, employees, and families, and all who have supported us over the past six months and continue to support us. Following our appointments in May 2009, we determined that the Group needed to quickly react to a very challenging economy and travel market. Our first task was to strengthen our balance sheet through the successful renegotiation of our Group's debt facility and to secure needed capital through an issue of new shares. At the same time, we needed to develop a new Group strategy that included the reorganization of the way the Group operated, marketed its products, and developed sustainable revenue streams.

New Operational Structure

After a critical review of our operations, a new strategic plan was developed that combined our tour operating strength in product, our unique marketing capabilities, and our online and offline retail distribution capabilities. The new strategic direction focuses on developing a unified product offering to the market that leverages these strengths and provides our customers with a unique and unparalleled level of service.

Travelzest is predominately a retail distribution operation and over 90% of our bookings come directly through online and offline sales channels. One of our key retailing strengths and

differentiators is our ability to develop and bring new and innovative marketing programs to the consumer. Another key area of difference between Travelzest and a normal travel retailer is our managed tour operations. This capability allows us to control the various travel segments and quality of services delivered and also provide improved margins through direct supplier relationships.

Canadian Operations

We continue to see improvement in our Canadian Operations with the development of itravel2000's online and offline capabilities with dynamic packaging and innovative process and procedures. itravel2000 continues to capture additional market share through brand expansion into new regional markets and the development of product lines. As well, following the addition of The Cruise Professionals in financial year 2008, we are now benefiting from the true value that has been developed in that business over more than 10 years to influence our overall Group and help develop a superior luxury service offering for our customers globally.

The Canadian economy and consumers' confidence is showing signs of improvement from mid 2009 levels and we are seeing improved outbound travel patterns from summer levels. However, we continue to hold cautious views for the economy and consumer leisure travel growth for the current financial year.

DURING ONE OF THE MOST DIFFICULT ECONOMIC AND TRAVEL MARKETS IN RECENT HISTORY, TRAVELZEST WAS ABLE TO CONTINUE TO GROW TRANSACTION VALUE BY 6%

United Kingdom Operations

We have made many changes to the overall structure in the UK over the past four months, becoming more functionally based rather than brand based. This shift means that rather than a series of largely independent small businesses pursuing similar strategies and duplicating resources, most of the companies in the UK operate as one business, with a unified operational structure, common strategies and sales operations. We have the utmost confidence in our team to perform during the period of change and implementation of the new strategies, and to develop stronger and more sustainable revenue streams over the current financial year.

The UK economy seems to be on a slightly slower recovery than the Canadian market, and we continue to see pressure on the pound with destination currencies like the euro. As such, we continue to look at alternative markets in which to promote our tour operating product, while continuing to monitor the UK market closely for signs of consumer leisure travel growth.

Group performance

During one of the most difficult economic and travel markets in recent history, Travelzest was able to continue to grow transaction value by 6% to £189.5 million (2008: £179.2 million restated). We attribute the majority of this growth to our Canadian Operations with the performance of iTravel2000 as well as the inclusion of The Cruise Professionals for a full financial year.

Conversely, revenue decreased to £38.3 million from £44.3 million, a decrease of £6 million or 13%. This was primarily due to the closure of Holiday Express in the previous financial year and a drop in passenger volume in the UK Operations. Our gross profit margin on total transaction value also decreased slightly from 12.5% to 11.9% as a result of the closure of Holiday Express and lower advertising revenue in the Canadian Operations.

We are pleased to report that the Group increased underlying profit margin to 14.3% from 11.6% resulting in an increase in underlying operating profit of 6% to £5.5 million (2008: £5.1 million). This reflects the continued operational improvements being implemented throughout the Group and the resulting cost savings from the recent restructuring. We also continue to improve our sales conversion and reduce our online and offline costs of customer acquisition and servicing through innovative sales and marketing capabilities, and new post sale process and systems.

A key measurement for our operations on which we continue to focus strongly is financial performance per employee. This financial year resulted in an 8.7% improvement in our transaction value per employee. This improvement combined with the reduction in our operating expense ratio, ultimately provided a 9.3% improvement in per employee underlying operating profit.

13. SAFARI, SOUTH AFRICA



14. AMANJENA BASIN, MOROCCO

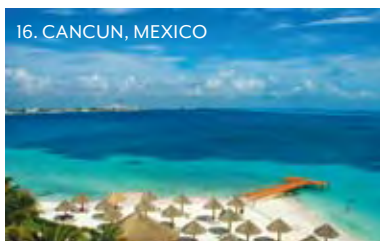


15. REDANG ISLAND, MALAYSIA

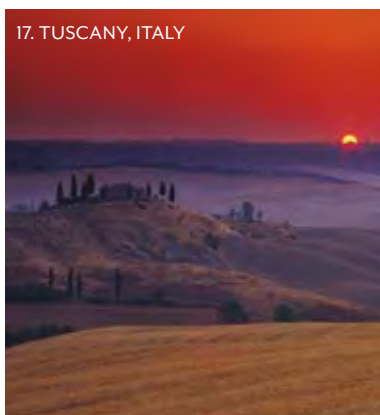


CHIEF EXECUTIVE'S STATEMENT continued

WE CONTINUE TO FOCUS STRONGLY ON FINANCIAL PERFORMANCE PER EMPLOYEE



16. CANCUN, MEXICO



17. TUSCANY, ITALY

A good proportion of the improvement in our operating expense ratio was as a result of a considerable reduction in our head office cost structure. This was achieved by shifting the Group to a centrally managed operation with Group policies and functions.

We are continuing with our operational improvements and centralisation of various functions to improve the Group's overall productivity. During the current financial year, we aim to reduce further the overall number of operating locations and continue to consolidate our technology infrastructure, launch new marketing and distribution capabilities, consolidate our back office infrastructure, and make our systems more unified.

At the end of the financial year the Group employed on average for the year 321

staff compared to an average of 330 staff for the previous year.

Included in the reported operating profit are a number of one-off items which are separately disclosed and set out below.

Separately disclosed items

During the year the Group incurred certain costs set out below totalling £2.8 million (2008: £3.6 million). These have been separately disclosed to enable a better understanding of the results of the Group. We do not expect the specific items segmented to reoccur; however, we currently anticipate in the current financial year additional restructuring charges related to infrastructure consolidation, as well as additional share-based payment charges as options are issued or cancelled.

Separately disclosed items:

	2009 £000's	2008 £000's
Termination of rights under warrant agreement for C A L Mottershead	–	956
Share-based payment charge (see note 15)	(557)	298
Aborted acquisition costs	–	316
Move and other new project start-up costs	20	693
Aborted takeover costs	–	125
Holiday Express non-recurring costs	–	1,237
Travelzest restructuring costs	1,187	–
Other Group companies' restructuring costs	1,998	–
Placing fees	127	–
Total	2,775	3,625

WE HOLD CAUTIOUS OPTIMISM THAT 2010 WILL SHOW IMPROVEMENT WITH OUR CONTINUED DEDICATION TO BUILD SHAREHOLDER VALUE

Financing

During the year, the Company was successful in issuing 114.2 million new ordinary shares of 2 pence each for cash at a price of 5 pence each to existing shareholders and Directors, raising approximately £5.7 million (before expenses). This injection of funds provided the necessary capital support for the Company to continue to trade and to restructure operations and implement new strategic plans for the Group.

In addition, as part of financing, the Group restructured its debt facilities of £14.5 million. Net debt at the year end was £9.2 million (2008: £10.8 million). Further capital repayments are due in May and November each year until May 2012.

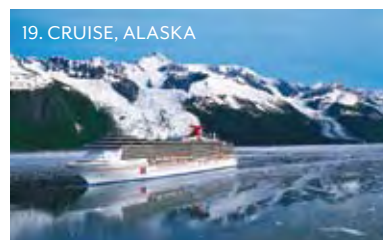
Summary

We characterise financial year 2009 as a restructuring and re-energising year which brought together the strengths and people that existed in the Travelzest Group of companies to work as a team. We have great belief in our brands and great confidence in our new management team and operational structure, which together provide the foundation for our future performance.

We would like to again thank our shareholders, employees and supporters for their belief in our restructuring plan and strategies. We hold cautious optimism that 2010 will show improvement from 2009 with our continued dedication to build shareholder value.

Jonathan Carroll
Chief Executive

28 January 2010



GOVERNANCE: BOARD OF DIRECTORS


Mark Molyneux
Chairman

Mark Molyneux, 55, was appointed to the Travelzest board as a non executive Director in October 2006. He is a Chartered Accountant and chairs three other companies which are Private Equity backed. Mark was until 2006 a UK partner with Ernst and Young LLP accountancy firm where he held senior management roles. His initial specialisation was audit, mainly entrepreneurial companies, later moving into corporate finance with a focus on M&A, due diligence and restructuring.


Johnathan Carroll
Group Chief Executive

Jonathan Carroll, 42, Group Chief Executive, co-founded itravel2000 in 1994 with long-time best friend Jeffrey MacKenzie. With Jonathan's vision and leadership skills, he and Jeffrey formed a team of dedicated travel professionals that set the standard in the Canadian market place. In May 2009, Jonathan was appointed to his current position as CEO of Travelzest plc.

Jonathan is a strong believer in giving back to the community. Jonathan's charity work extends into the community through his involvement and support of numerous charities. He is also a founding board member of the Lakefield College School Foundation, which also boasts his Royal Highness, the Duke of York as a Trustee. In 2006, Jonathan Carroll was awarded the prestigious Top 40 Under 40 Award honoring the best and most accomplished young professionals in Canada.


Jack Fraser
Group Chief Operating Officer
& Finance Director

Jack Fraser was appointed as Group Finance Director in May 2009 and subsequently in June 2009 as Group Chief Operating Officer and Financial Director. Prior to this, Jack was Chief Financial Officer and Head of Corporate Development for itravel2000, Travelzest's largest subsidiary, and led the sale of itravel2000 to Travelzest in 2006. Prior to joining itravel2000 in February 2005, Jack spent over 10 years with RBC Financial Group and BMO Financial Group primarily in the mid-market corporate finance group. Jack also spent 5 years in corporate development and senior operational roles with two early stage internet media companies, CMGi/Activate located in Seattle (acquired by Loudeye/ Nokia Corp.) and Fastvibe located in Toronto (acquired by Telus Corp.).

Jack also advises various early stage media and technology start-ups, and sits on the Board of Directors for the Windsor International Airport.



Richard Hall TD, MA, FCA
Non Executive Director &
Company Secretary

With a Cambridge degree in engineering and law, Richard qualified as a chartered accountant in 1966 and carried out the duties of Finance Director and Company Secretary for a number of international companies including INMOS International Plc. He was latterly Finance Director of Information Technology Plc and National Telecommunications Plc, both of which companies he took to the main market. Since 1989, Richard has run his own consultancy with a number of non executive directorships, including an AIM listed company offering corporate, commercial and financial advice to major clients. He joined the board of VFB Group plc in 2003 (VFB Group name changed to Travelzest in 2005) prior to the company joining the OFEX market (now PLUS market).



Peter Thomson
Non Executive Director

Peter joined ICI Paints after reading mathematics and economics at Cambridge. After a spell in North America, he was successively Marketing manager, General Sales manager and European manager, and played a significant role in developing the Dulux brand. He moved on to Courtaulds as Group Marketing Director and was subsequently Group Managing Director of the seven office furniture companies then owned by Wagon Industrial Holdings. Since 1983, he has worked with a number of small or medium-sized developing companies as a part-time director or adviser. He is a Fellow-Commoner of Downing College, Cambridge.

GOVERNANCE: DIRECTORS' REPORT

The directors present their report and the financial statements of the Group and Company for the year ended 31 October 2009.

Principal activities and business review

The principal activity of the Company during the year was that of a parent and holding company. The principal activity of the Group during the year was that of the provision of retail travel sales and tour operation.

The business is reviewed in detail in the Chairman's and Chief Executive's statements. Management review a number of indicators when assessing the performance of the Group. Key amongst those is total transaction value, turnover, gross profit and passenger numbers. These are discussed in the Chairman's statement. The directors do not propose a dividend in respect of the year.

The Directors and their interests

The directors who served the Company during the year or up to 31 October 2009 together with their beneficial interests in the shares of the Company were as follows:

	Class of share	At 31 October 2009	At 31 October 2008 or on appointment
J G Carroll*	Ordinary 2p	–	–
J C Fraser	Ordinary 2p	13,280,000	–
R G Hall	Ordinary 2p	521,100	21,100
C G McKinlay (resigned 30 June 2009)	Ordinary 2p	40,000	40,000
MT J Molyneux	Ordinary 2p	15,559,682	39,682
C A L Mottershead (resigned 15 July 2009)	Ordinary 2p	82,539	82,539
N Robb (resigned effective as of 31 January 2010)	Ordinary 2p	–	–
P Thomson	Ordinary 2p	180,000	180,000

* 6615716 Canada Inc. holds 10,572,614 Ordinary 2p Shares, and as disclosed in the circular posted on 5 August 2009, these shares are controlled by the Ely Trust which is a discretionary inter vivos trust, of whom J G Carroll is one of a number of the present discretionary beneficiaries. Due to the discretionary nature of the Ely Trust, it is not possible to determine the indirect interest in Ordinary Shares currently held by the present beneficiaries through the trust.

The following directors had interests in options to purchase shares in the Company:

	Expiry date	Exercise price	Number held at	
			31 October 2009	31 October 2008 or on appointment
J C Fraser	19 October 2016	127p	78,740	78,740

All rights to options granted to C A L Mottershead, C G McKinlay and N Robb have been released as part of their resignation as employees of the Company. C A L Mottershead had interests in 2,559,693 warrants to purchase shares in the Company at an exercise price ranging between 122.5p and 140p. The subscription rights attached to each warrant issue must be exercised within 10 years of the date of grant.

Retirement of Directors

In accordance with the Company's Articles of Association R G Hall and MT J Molyneux will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. N Robb has tendered her resignation as a Director of Travelzest Plc effective as of 31 January 2010.

Major shareholders

On 31 October 2009 the Company's share register showed the following interests in 3 percent or more of the Company's shares:

	Class of share	Number	Percentage of class
Gartmore Investment Management	Ordinary 2p	43,724,491	30.13%
Merchant Securities Group	Ordinary 2p	35,959,273	24.78%
MT J Molyneux	Ordinary 2p	15,559,682	10.72%
J C Fraser	Ordinary 2p	13,280,000	9.15%
6615716 Canada Inc	Ordinary 2p	10,572,614	7.28%
M J Tully	Ordinary 2p	5,682,000	3.91%
USS	Ordinary 2p	5,385,429	3.71%
Investec Bank Plc	Ordinary 2p	5,079,686	3.50%

Employment policy

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. The Group gives full consideration to disabled applicants for employment, having regard to their particular aptitudes and abilities and they share in opportunities for training, career development and promotion. It is Management's policy to keep its employees informed on matters affecting them through regular briefings and consultations.

Policy on the payment of creditors

The Group seeks to maintain good relations with all of its trading partners. In particular it is the Group's policy to abide by the terms of payment agreed with each of its suppliers balances with its internal cash flow requirements. As the Company does not trade, no information has been provided about the Company's creditor payment policy. The Group has creditor days of 63 days.

Corporate Governance

The Board of the Group is committed to high standards of corporate governance.

On 31 December 2009 the Board comprised the non executive Chairman, three further independent non executive Directors (N Robb has resigned as a Director effective as of 31 January 2010) and two executive Directors. The Board structure ensures that no individual or Group dominates the decision making process. The Board meets formally eleven times a year plus on such other occasions as are necessary. The Board receives appropriate and timely information, Board and Committee papers normally being sent out several days before meetings take place. All Directors have access to the advice and services of the Company Secretary. The Board delegates specific responsibilities to the Board Committees detailed below.

The Group's Articles of Association require that at the Annual General Meeting any Director then in office who has been appointed by the Board since the previous Annual General Meeting or has held office for three years or more since he was appointed or last re-appointed by the Group in general meeting, shall retire and be eligible for re-appointment.

The Board has reviewed Management's implementation of new Corporate Policies and Procedures for Treasury, Contract Management, Purchase Orders, Expenses, Human Resources, Payroll, and Accounting. The Group holds Directors and Officers liability insurance.

GOVERNANCE: DIRECTORS' REPORT continued

Corporate Governance continued

Audit Committee

The Audit Committee, which intends to meet up to three times a year, comprises R G Hall (Chairman), M T J Molyneux and P Thomson, all of whom are independent non executive Directors.

The committee's terms of reference include monitoring the integrity and clarity of the financial statements and any formal announcements relating to the Group's financial performance and reviewing any significant financial reporting issues and judgements which they contain; reviewing the consistency of, and any changes to, accounting policies, the application of appropriate accounting standards and the methods used to account for significant or unusual transactions; reviewing the effectiveness of the Group's internal controls and risk management systems; making recommendations as to the appointment, terms of engagement and remuneration of the external auditors; assessing the external auditors' independence, objectivity and effectiveness; approving the annual external audit plan and reviewing with the external auditors the nature, scope and results of their audit and any issues raised by them.

Remuneration Committee

The Remuneration Committee comprises P Thomson (Chairman), R G Hall and M J T Molyneux, all of whom are independent non executive Directors and meets as necessary. The committee is responsible for the executive Directors' remuneration and other benefits and terms of employment, including performance related bonuses and share options (save as to any options granted to M T J Molyneux, when he will not participate in the Committee).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out previously in this report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the following financial statements and notes to the financial statements. In addition this report includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The current economic conditions create uncertainty particularly over the level of demand for the group's products; the exchange rate between sterling and operational currencies.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility, details of which are outlined in note 16 to the accounts. During the year the Group renegotiated the terms of the facility, the nature of covenants of the facility remained the same. The covenants require the attainment of designated ratios of total debt to EBITDA, EBITDA to interest payable and cash flow to total debt service. All covenants at the year end were achieved. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management objectives and policies

Details of the Group's financial risk management objective and policies are detailed in note 26 to the Group financial statements.

International Financial Reporting Standards ("IFRS")

As an AIM listed company Travelzest has reported under IFRS as adopted by the European Union, for the financial year ending 31 October 2009, with comparative information for the prior year.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and IFRS as adopted by the European Union in respect of the Group and UK GAAP (United Kingdom Generally Accepted Accounting Practice) for the Company.

Company law requires the Directors to prepare financial statements for each financial year which are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

During the year, Grant Thornton LLP resigned as auditors & PricewaterhouseCoopers LLP, were appointed in their place. A resolution to re-appoint the auditors PricewaterhouseCoopers LLP will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

R G Hall
Director and Company Secretary

28 January 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAVELZEST PLC

We have audited the Group financial statements of Travelzest plc for the year ended 31 October 2009 which comprise the Consolidated income statement, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated Statement of Recognised Income and Expenses, the Principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 16 & 17, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 October 2009 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Travelzest plc for the year ended 31 October 2009.

John Minards

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

28 January 2010

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of Travelzest plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

Judgements and estimates

The preparation of the Group's financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The following are critical Management judgements in applying the accounting policies of the Group that have the most critical effect on the financial statements:

Revenue

Management make critical judgements in determining when to recognise income. The recognition is based on whether companies within the group are a travel agent or tour operator. Revenue is recognised when it can be measured reliably. Revenue and direct expenses relating to tours arranged by the Group's tour operators are taken to the income statement on the date of holiday departure. Revenue relating to travel agency commission receivable on third party leisure travel products is recognised when earned, which is on receipt of the full payment from the customer; and for business travel products is recognised when earned, which is upon booking from the customer as bookings are ticketed immediately. In all cases recognition occurs when it is probable that the economic benefits associated with the transaction will flow into the Group, the costs incurred or to be incurred can be measured reliably. During the year the Group has made an adjustment to the presentation of total transaction value in relation to the recognition of travel agency bookings causing the restatement of the prior year value.

Impairment

An impairment loss is recognised for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. Determining whether goodwill is impaired requires an estimate of value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate future cash flows from the cash-generating units and a suitable discount rate in order to calculate a fair value. In the process of measuring expected future cash flows management makes assumptions about

future gross profits. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Information about significant judgements, estimates and assumptions that Management believe have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below. The actual results may differ from the judgements, estimates and assumptions made by Management, and will seldom equal the estimated results.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated financial statements at their fair value. In measuring the fair value Management uses estimates about future cash flows and discount rates, however, the actual results may vary. Any measurement changes upon initial recognition would affect the measurement of goodwill. Details of acquired assets and liabilities are given in note 26.

Share-based payments

Management uses valuation techniques in determining the fair values of share-based payments at the date of grant; it adopts the Black-Scholes pricing model. Significant inputs into the calculation include the market price at the date of grant and exercise prices. Furthermore, the calculation takes into account the future dividend yield, the share price volatility rate and risk-free interest rate.

Fair value of financial instruments

Management uses active market quotes to measure the fair value of derivative financial instrument hedges. The effectiveness of financial instrument hedges is assessed by considering the underlying liability to which the hedge relates. If the conditions for hedge accounting are no longer met and the previously designated hedged item is measured by means of the effective interest method, the necessary adjustment of the carrying amount of the underlying transaction has to be effected over its remaining term.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

PRINCIPAL ACCOUNTING POLICIES

continued

Business combinations

Business combinations are accounted for using the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated financial statements at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies. Any deferred consideration in respect of the acquisition is held as a liability until payment is due and reflected in the initial carrying value of the subsidiary. Any subsequent changes to the amount of deferred consideration would be represented in the carrying value and the liability reduced. Goodwill is stated after separating out identifiable assets where applicable.

Goodwill and other intangible assets

Goodwill arising on acquisition represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Under IFRS, goodwill is not amortised. Goodwill is recognised as an asset, and is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment is recognised immediately in the Group's income statement and is not subsequently reversed. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment tests for goodwill were conducted on the basis of cash-generating units. According to the IFRS rules, a cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Cash-generating units were established for the individual tour operators, and for the travel agency businesses, in specific countries. The expected cash flows generated are discounted using rates that represent estimated weighted average cost of capital for the respective business. The approach, assumptions and results of the impairment test are set out in note 8.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 2006 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Costs that are directly associated with the purchase and implementation of web sites and unique software by the Group are recognised as intangible assets. Expenditures that enhance and extend the benefits of these items and lives are recognised as a capital improvement and added to the original cost of the website and software.

Factors that are considered important and which could trigger an impairment review include the following:

- obsolescence;
- significant changes in technology;
- significant underperformance relative to expected histories or projected future operating results;
- significant negative industry or economic trends; and
- significant changes in the strategy of the business.

Other intangibles are accounted for using the costs method whereby capitalised costs are amortised over their respective lives. Acquired computer software and website development are capitalised on the basis of costs incurred to acquire and install.

Other	– 1 to 5 years
Website development	– 3 to 5 years
Computer software	– 3 to 5 years

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Where costs are incurred as part of the start-up or commissioning of an item of property, plant or equipment, and that item is available for use but incapable of operating in the manner intended by Management without such a start-up or commissioning period, then such costs are included within the cost of the item. Costs that are not directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by Management are charged to the income statement as incurred.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Property improvements	– 5 years
Fixtures and fittings	– 3 to 5 years
Office equipment and computer equipment	– 3 to 5 years
Motor vehicles	– 3 to 5 years

Financial Assets

Financial assets include cash and cash equivalents, trade and other receivables and derivative financial instruments. For the purpose of subsequent measurement, financial assets are classified into the following categories:

- trade and other receivables;
- derivatives designated as hedging instruments; and
- cash and cash equivalents.

The Group determines the classification at initial recognition and measures initially at fair value. The subsequent measure depends on classification for example trade and other receivables which are fixed price are carried at amortised cost (if applicable) using an effective interest method if the time value money is significant. Due to the nature of the businesses, credit risk is deemed low, therefore amortisation or impairment is unlikely, although would be recognised as a separately disclosed item from administrative expenses. Derivatives are accounted for in accordance with the policy in accordance with the policy set out below and cash and cash equivalents are accounted for in accordance with the policy on page 23.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are classified as financial liabilities measured at amortised cost or derivatives designated as hedging instruments.

The Group determines the classification at initial recognition and measures initially at fair value. The subsequent measurement depends on classification, for example financial liabilities measured at amortised cost having been initially recognised at fair value (in case of borrowing, fair value of proceeds net of issue costs), are subsequently measured at amortised cost (if applicable) using an effective interest method taking into account discounts and issue costs. The category of financial liability includes borrowings and trade and other payables.

Derivatives are accounted for in accordance with the policy set out below.

Derivative financial instruments and hedging

Derivative financial instruments are initially measured at the fair value attributable to them on the day of the conclusion of the agreement. The follow-up measurement is also effected at the fair value applicable at the respective balance sheet date. The method applied in recording profits and losses depends on whether the derivative financial instrument is classified as a hedge, and on the type of hedged item. As a matter of principle, the Group classifies derivative financial instruments either as fair value hedges to hedge exposure to changes in the fair value of assets or liabilities or as cash flow hedges to hedge exposure to risks of varying cash flows from highly probably future transactions.

Upon inception of the transaction, the Group documents the hedging relationship between the hedge and the underlying item, the risk management goal and the strategy pursued in entering into the hedges. In addition, an assessment is made both at the beginning of the hedge relationship and on a continual basis as to whether the derivatives used for the hedge compensate for the changes in the fair values or cash flows of the underlying transactions in a highly effective manner. The group currently has no fair value hedges in place. Changes in the fair values of derivative financial instruments not achieving the criteria for hedge accounting are directly carried in the income statement with an effect on results.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows arising from a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of financial asset or financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects in the income statement.

Prospective hedge effectiveness is performed at the commencement of hedge accounting, and subsequently at each balance sheet date, through comparison of the critical terms of the hedged forecast transaction and the hedging instrument. Critical terms are the maturity, amount and currency of the cash flows relating to the hedging instrument and the forecast hedged transaction. Retrospective hedge effectiveness is performed at each reporting date principally using a dollar offset analysis, comparing the cumulative changes in the fair values of the forecast hedged transaction and the hedging instrument.

When a hedging instrument no longer meets the criteria for the hedge accounting, expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, hedge accounting is discontinued prospectively. If the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity or recognised in the income statement immediately.

Total transaction value and revenue recognition

Total transaction value, which is stated net of value added tax, does not represent the company's statutory revenue. Where companies within the Group act as agent or cash collector, total transaction value represents the price at which goods or services have been sold to the consumer and is recognised on the same time basis as statutory turnover. During the financial year the Group has adjusted its presentation of total transaction value leading to the restatement of prior year figures. This has had no impact on statutory revenue and operating margin.

PRINCIPAL ACCOUNTING POLICIES

continued

Total transaction value and revenue recognition continued

Revenue represents the aggregate amount of gross consideration receivable from inclusive tours, travel agency commissions receivable and other services supplied to the customers in the ordinary course of business. Revenue and direct expenses relating to the inclusive tours arranged by the Group's leisure travel providers are taken to the income statement on holiday departure. Revenue relating to travel agency commission receivable on third party leisure travel products is recognised when earned, which is on receipt of the full payment from the customer. Revenue relating to travel agency receivable on third party business travel products is recognised when earned on date of booking, which by the terms of contracts is the date the invoice is raised and the customer becomes liable for payment under the terms of their contract. In all cases recognition occurs when it is probable that the economic benefits associated with the transaction will flow into the Group, the costs incurred or to be incurred can be measured reliably. Other revenue and associated expenses are taken to the income statement as earned or incurred. Revenue and expenses exclude intra-group transactions.

Income statement presentation

Profit or loss from operations includes the results from operating activities of the Group. Separately disclosed items are those that are unusual because of their size, nature or incidence which the Group's Management consider should be disclosed separately to enable a full understanding of the Group's results.

Tax

Tax represents the sum of tax currently payable and deferred tax. Tax is recognised in the income statement unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted and or substantively enacted at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax, in the future, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is provided on the initial recognition of goodwill or on initial recognition of an asset or liability unless the related transaction is business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided that are enacted

or substantively enacted at the end of the reporting period. Deferred tax liabilities are always recorded in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to utilise against future taxable income.

Pensions

Pension costs charged against profits in respect of the Group's defined contribution schemes represent the amount of the contributions payable to the schemes in respect of the accounting period.

Foreign currency

In the Group's financial statements, all assets, liabilities and transactions of the Group's entities are translated into sterling, the functional currency of the parent company. Average exchange rates are used to translate the income and expenses of all subsidiaries that have a functional currency other than sterling where there has been no significant fluctuation in the rate. The balance sheets of such entities are translated at period end exchange rates. The resulting exchange differences are recognised in equity.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of transaction (not retranslated). Non-monetary items are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Share-based payments

The Group issues share-based instruments to certain employees as part of their total remuneration at fair value. The fair values of these instruments are calculated at the date of grant, using the Black-Scholes pricing model. These fair values are charged to the income statement on a straight-line basis over the expected vesting periods of the instruments, with a corresponding increase in equity reserves. Any waivers to share-based payments are treated as cancellations by the Group.

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary companies drawn up to 31 October 2009. Intra-group transactions are eliminated on consolidation and all figures relate to external transactions only. Acquisitions of subsidiaries are dealt with by the purchase method of accounting. The results of newly acquired companies are consolidated from the date that control passed. Any deferred consideration is recognised as a liability on the balance sheet and reflected in the initial carrying value of the subsidiary.

Equity and reserves

Share capital presents the nominal value of shares that have been issued. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares and share awards are recognised as a deduction from equity, net of any tax effects.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium, net of any related income tax benefits.

The translation and hedge reserve includes the effects of foreign currency translation differences arising on the translation of the Group's foreign entities and the gains and loss on financial instruments designated as effective hedges are also included.

The Company was entitled to the merger relief offered by section 131 of the Companies Act 1985 in respect of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of Peng Travel Limited, Fair's Fare Limited and the settlement of outstanding consideration on the acquisition of Holiday Express Group Limited.

On acquisition, the investments in the Company's immediate subsidiary companies were recorded in the Company's balance sheet at the fair value of the assets acquired, with the difference between this and the nominal value of the shares issued being credited to a merger reserve.

Retained earnings include all current and prior period retained profits.

Brochure and advertising costs

The costs of brochure publication and advertising including web based advertising are charged to the income statement as incurred.

Operating lease agreements

In accordance with IAS 17 Leases, rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Finance lease agreements

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and the rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and the finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Government grants

Regional Selective Assistance grants which are project related are released to the profit and loss account over a period to match the grant received rateably with the constituent parts of the project expenditure towards which the grant is assisting. Revenue grants are held on the balance sheet and are credited to the profit and loss account to match the expenditure to which they relate.

Cash and cash equivalents

For the purpose of the cash flow statement, cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Highly liquid investments are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. These comprise term deposits of less than one year (other than cash).

Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing holidays effectively and considering the level of risk. The Group monitors capital on the basis of the carrying value of equity plus its facility loan, less cash and cash equivalents as presented in the face of the financial statements. The Group's goal in capital management is to comply with its covenants arising under the Group's current borrowing facility.

Impact of new International Financial Reporting Standards adopted in the year by the Group

The following amendments to standards and interpretations are required to be implemented for the financial year ended 31 October 2009:

Amendment to IAS 39, 'Financial instruments: Recognition and measurement', and IFRS 7, 'Financial instruments: Disclosures', on the 'Reclassification of financial assets'

Amendment to IFRIC 9 and IAS 39 regarding embedded derivatives

IFRIC 12 Service Concession Arrangements

IFRIC 13 Customer Loyalty Programmes

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The adoption of these amendments and interpretations has had no impact on these accounts.

PRINCIPAL ACCOUNTING POLICIES

continued

New and Amended Standards adopted by the European Union but not yet adopted by the Group

The following amendments to standards and interpretations are required to be implemented for the financial years ended from 31 October 2010 onwards:

- **New Standard IFRS 8 – Operating Segments**

The new standard requires segmental information to be presented on the basis of how the chief operating decision maker manages the business. Management are currently assessing the impact of the standard on the segmental disclosures currently applied.

- **Revised IFRS 3 – Business combinations and Revised IAS 27 – Consolidated and separate financial statements**

The main changes the revised IFRS 3 and amended IAS 27 will make to existing requirements or practice are:

- **Partial acquisitions.** Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original IFRS 3 requirement) or at fair value (which is the new IFRS 3 requirement).
- **Step acquisitions:** The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
- **Acquisition-related costs.** Acquisition-related costs are generally recognised as expenses (rather than included in goodwill).
- **Contingent consideration.** Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other IFRSs, usually in profit or loss (rather than by adjusting goodwill).
- **Transactions with non-controlling interests.** Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions.

Management do not expect there will be any impact on adoption of these standards but they will impact any potential business combinations made by the Group going forwards.

- **Revised IAS 1 – Presentation of financial statements**

The IAS has been amended to include new disclosure requirements in regard to puttable instruments and obligations arising on liquidation, and to amend the presentation of the income statement and statement of recognised income and expense. The adoption of this standard will impact the presentation of the primary statements.

- **Revised IAS 23 – Borrowing Costs**

The amendments remove the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group currently capitalises interest costs in respect of construction of qualifying assets so this amendment will not have any impact on the Group.

- **Amendment to IAS 32 – Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements on Puttable Financial Instruments and Obligations arising on Liquidation**

The amendments classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: puttable financial instruments, instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. Management does not expect the adoption of this amendment to have an impact on the Group.

- **Amendment to IAS 32 – Financial Instruments: Presentation on Classification of Rights Issues**

The amendment clarified rights issues offered for a fixed amount of foreign currency current practice be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. Management does not expect the adoption of this amendment to have an impact on the Group.

- **Amendments to IFRS 1 – First time Adoption of IFRS and IAS 27 – Consolidated and Separate Financial Statements on the Cost of an Investment in a Subsidiary Jointly Controlled Entity or Associate**

The amendments to IFRS 1 allow first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost (in accordance with paragraph 38(a) of IAS 27) of an investment in a subsidiary, jointly controlled entity or associate.

The amendments to IAS 27 remove the definition of the 'cost method' from paragraph 4 of that standard. Additionally, when an entity reorganises the structure of its Group by establishing a new entity as its parent (subject to specific criteria), the amendments require the new parent to measure cost (for the purpose of paragraph 38(a) of IAS 27) as the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. Management does not expect the adoption of this amendment to have an impact on the Group.

- **Amendments to IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations**

The amendment clarifies that vesting conditions are service conditions and performance conditions only. It further clarifies that cancellations whether by the entity or other parties should receive the same accounting treatment, which results in the acceleration of the charge. Management does not expect the adoption of this amendment to have an impact on the Group.

- **Amendments to IFRS 2 – Share-based Payment: Group Cash-settled Share-based Payment Transactions**

The amendments clarify the scope of IFRS 2. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the Group settles the transaction, and no matter whether the transaction is settled in shares or cash. Along with the clarification of the interaction of IFRS 2 and other standards. The Board clarified that in IFRS 2 a 'Group' has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries. Lastly it confirmed the accounting for some Group and treasury share-based

payment transactions. An entity must measure the goods or services it received as either an equity-settled or a cash-settled share-based payment transaction assessed from its own perspective, which may not always be the same as the amount recognised by the consolidated Group. Management does not expect the adoption of this amendment to have an impact on the Group.

- **Amendments to IFRS 7 – Financial Instruments: Disclosures**

The amended IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

This information must be given by 'class' of financial instrument, which is a level lower than categories such as held for trading or available for sale. The level within which the fair value measurement is categorised must be based on the lowest level of input to the instrument's valuation that is significant to the fair value measurement in its entirety. Management does not expect the adoption of this amendment to have an impact on the Group.

CONSOLIDATED INCOME STATEMENT

	Notes	Year to 31 October 2009 £'000's	Year to 31 October 2008 £'000's
Total transaction value (restated)	1	189,456	179,244
Revenue	1	38,349	44,318
Cost of sales		(15,868)	(21,953)
Gross profit		22,481	22,365
Administrative expenses		(21,188)	(24,687)
Operating profit/(loss)	2	1,293	(2,322)
Analysed as:			
Underlying operating profit		5,466	5,140
Separately disclosed items	2	(2,775)	(3,625)
Amortisation of intangible assets & goodwill impairment		(1,398)	(3,837)
		1,293	(2,322)
Finance income	5	105	175
Finance costs	5	(1,440)	(1,445)
Loss on ordinary activities before taxation		(42)	(3,592)
Income tax credit/(expense)	6	761	(1,339)
Profit/(loss) for the year	14	719	(4,931)
Basic profit/(loss) earnings per share	7	1.52p	(17.19)p
Fully diluted earnings per share	7	1.52p	(17.19)p

All results are from continuing operations.

CONSOLIDATED BALANCE SHEET

	Notes	31 October 2009 £000's	31 October 2008 £000's
ASSETS			
Non-current assets			
Deferred tax	13	1,351	–
Goodwill	8	41,129	41,987
Intangible assets	9	3,202	3,435
Property, plant & equipment	10	1,435	1,373
		47,117	46,795
Current assets			
Inventories		64	33
Trade and other receivables	11	8,174	7,665
Derivative financial instruments	12	238	52
Cash and cash equivalents		5,585	5,077
		14,061	12,827
Total assets		61,178	59,622
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	14	2,903	407
Share premium account	14	31,524	16,779
Exchangeable shares	14	–	12,735
Merger reserve	14	2,320	2,320
Translation and hedge reserve	14	(4,844)	(1,985)
Retained earnings	14	(129)	(291)
Total equity		31,774	29,965
Non-current liabilities			
Trade and other payables	17	6	41
Borrowings	16	13,144	14,349
Obligations under finance leases	16	347	–
Deferred tax	13	871	776
		14,368	15,166
Current liabilities			
Trade and other payables	17	11,645	12,120
Borrowings	16	1,596	1,500
Obligations under finance leases	16	88	–
Derivative financial instruments	18	1,341	871
Current tax liabilities	17	366	–
		15,036	14,491
Total liabilities		29,404	29,657
Total equity and liabilities		61,178	59,622

These financial statements were approved by the Directors on 28 January 2010 and are signed on their behalf by:

J G Carroll
Director

J C Fraser
Director

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended 31 October 2009 £000's	Year ended 31 October 2008 £000's
Cash flows from operating activities			
Cash generated from operations	23	754	(2,311)
Income taxes paid		(42)	(1,767)
Net cash flow from operating activities		712	(4,078)
Cash flow from investing activities			
Interest received		32	175
Acquisition of subsidiary		(11)	(5,473)
Purchase and disposal of property, plant & equipment & other intangibles		(230)	(1,211)
Net cash used in investing activities		(209)	(6,509)
Cash flow used in financing activities			
Repayment of borrowings		(1,500)	(11,881)
Interest paid		(1,315)	(1,042)
New bank loans raised		–	16,000
Proceeds on issue of shares*		4,785	1,855
Net cash from financing activities		1,970	4,932
Net increase/(decrease) in cash and cash equivalents		2,473	(5,655)
Cash and cash equivalents			
Cash and cash equivalents at beginning of year		5,077	10,480
Effect of foreign exchange rate changes		(1,965)	252
Net movement in cash and cash equivalents		2,473	(5,655)
Cash and cash equivalents at end of period		5,585	5,077

* Gross proceeds £5,709,000 less £924,000 of costs

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

	Notes	Year ended 31 October 2009 £000's	Year ended 31 October 2008 £000's
Exchange difference on translating of foreign operations	14	(2,661)	(1,416)
Movement in cash flow hedge	14	(198)	(819)
Income and expenses directly recognised in equity		(2,859)	(2,235)
Group profit/(loss)	14	719	(4,931)
Total expenses recognised in the financial year		(2,140)	(7,166)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I Segment reporting

For management purposes, the Group is currently organised into two operating divisions: Tour Operations and Travel Agency Operations. These divisions are the basis on which the Group reports its primary segment information.

Within these divisions, businesses are classified by geographical location and this analysis is the basis for the secondary segmental information. Segmental information for these activities is presented below:

	2009 £000's	2008 £000's
Total transaction value		
Tour Operations	19,153	21,341
Travel Agency Operations	170,303	157,903
	189,456	179,244

Primary reporting format – business segments

	Tour Operations		Travel Agency Operations		Total	
	Year to 31 October		Year to 31 October		Year to 31 October	
	2009 £000's	2008 £000's	2009 £000's	2008 £000's	2009 £000's	2008 £000's
Revenue	19,153	21,341	19,196	22,977	38,349	44,318
Results						
Profit from operation before depreciation	918	1,211	5,062	5,213	5,980	6,424
Depreciation	(41)	(42)	(251)	(178)	(292)	(220)
Amortisation	(525)	(35)	(868)	(3,800)	(1,393)	(3,835)
Profit for the Group					4,295	2,369
Separately disclosed items	–	–	–	–	(2,775)	(3,625)
Central costs*					(227)	(1,066)
Profit/(loss) before finance items					1,293	(2,322)
Finance income					105	175
Finance costs					(1,440)	(1,445)
Loss before tax					(42)	(3,592)
Tax					761	(1,339)
Profit/(loss) for year					719	(4,931)

* Included within central costs is £9,000 of depreciation and £5,000 of amortisation (2008: £9,000 and £2,000 respectively). In the prior year, amortisation for Travel Agency Operations includes the impairment of goodwill in Holiday Express (UK) Limited of £2,100,000.

During the year Tour Operations spent £331,000 on capital expenditure, Travelzest £6,000 and Travel Agency Operations £109,000.

I Segment reporting continued

	Tour Operations		Travel Agency Operations		Total	
	Year to 31 October		Year to 31 October		Year to 31 October	
	2009 £000's	2008 £000's	2009 £000's	2008 £000's	2009 £000's	2008 £000's
Segment assets	8,924	10,180	52,056	49,417	60,980	59,597
Unallocated corporate assets					198	25
Consolidated assets					61,178	59,622
Segment liabilities	(4,204)	(4,217)	(30,474)	(16,807)	(34,678)	(21,024)
Unallocated corporate assets					5,274	(8,633)
Consolidated liabilities					(29,404)	(29,657)
Net Assets					31,774	29,965

Secondary reporting format – geographical location

Location	Revenue	
	Year to 31 October 2009 £000's	Year to 31 October 2008 £000's
United Kingdom	21,391	27,960
Canada	16,958	16,358
Group	38,349	44,318

During the year £337,000 was spent on the purchase of intangible and tangible assets in the United Kingdom and £109,000 in Canada.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

2 Operating profit/ (loss)

Operating profit/(loss) is stated after charging/(crediting):

	2009 £000's	2008 £000's
Depreciation of owned fixed assets	222	229
Depreciation on finance leased assets	79	–
Net (gain)/loss on foreign currency translation	(185)	252
Auditor's remuneration		
Audit of the financial statements pursuant to legislation	136	125
Other services relating to taxation	20	17
Other services provided pursuant to legislation	3	–
Operating lease costs:		
Office equipment	150	308
Property	962	523
Separately disclosed items:		
Amortisation of intangible fixed assets	1,398	637
Termination of rights under warrant agreement for C A L Mottershead	–	956
Share-based payment charge (see note 15)	(557)	298
Aborted acquisition costs	–	316
Move and other new project start up costs	20	693
Aborted takeover costs	–	125
Impairment of goodwill carried in respect of Holiday Express	–	2,100
Holiday Express non-recurring costs	–	1,237
Write off of assets in Holiday Express	–	1,100
Travelzest restructuring costs	1,187	–
Other Group companies' restructuring costs	1,998	–
Placing fees	127	–
	5,560	8,916

3 Personnel costs

The aggregate payroll costs were:

	2009 £000's	2008 £000's
Salaries	9,769	9,452
Social security costs	837	1,072
Share-based payments	(557)	1,254
Value of Company pension contributions to money purchase schemes	136	161
	10,185	11,939

The average annual headcount employed by the Group during the year was:

	2009 No.	2008 No.
Administrative staff	177	174
Sales staff	144	156
	321	330

4 Directors

Remuneration of the Directors was:

	2009 £000's	2008 £000's
Emoluments receivable	1,057	1,572
Value of Company pension contributions to money purchase schemes	66	81
	1,123	1,653

Two former Directors (2008: two) participated in money purchase pension schemes. Included in the above are emoluments, excluding pension contributions paid to:

	2009 £000's	2008 £000's
Highest paid Director	254	562

The value of the Company's contributions paid to a money purchase pension scheme in respect of the highest paid Director amounted to:

	2009 £000's	2008 £000's
Highest paid Director	Nil	45

In accordance with IFRS 2 Share-based payments, share-based charge relating to Directors is a credit of £476,000 (2008 (debit): £1,145,000). Included in this amount are share-based payments to the highest paid Director of £Nil (2008: £981,000). During the year no Directors (2008: Nil) exercised their share options.

5 Finance income/(expenses)

	2009 £000's	2008 £000's
Interest income	32	175
Interest expenses	(1,440)	(1,042)
Expenses from interest hedges	–	(403)
Income from interest hedges	73	–
	(1,335)	(1,270)

The expenses arising from other interest rate hedges relates to the ineffective element of a basis points swap.

Income arising from interest rate hedges reflects the overall credit from effective Canadian dollar and sterling interest rate swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

6 Income tax expense

Tax expense comprises:

	2009 £000's	2008 £000's
Current income taxes:		
UK Corporation Tax	–	–
Overseas taxation	413	584
Adjustments to prior years	(739)	451
Deferred tax – share options	(155)	203
Deferred tax – losses recognised	(220)	–
Deferred tax – ACAs	(60)	101
Tax on loss on ordinary activities	(761)	1,339

Reconciliation from expected to actual income tax expense:

Loss on ordinary activities before taxation	(42)	(3,592)
Expected income tax expense (Corporation Tax rate 28%, (2008 28%))	10	(1,006)
Amortisation and impairment	394	623
Expenses not deductible	70	437
Depreciation in excess of capital allowances	(60)	101
Share options	(155)	203
Effective tax expenses and income relating to other periods	(739)	451
Losses carried forward	(104)	513
Rates differences	(177)	17
Actual income tax (credit)/expense	(761)	1,339

All deferred tax has been recognised in the income statement.

7 Profit/loss per share

Basic and diluted profit per share of 1.52p (2008 (loss): 17.19p) is based on an equity profit of £719,000 (2008: loss of £4,931,000) and 47,231,425 (2008: 28,686,523) shares of 2p, being the average number of shares in issue during the year.

The underlying operating profit per share of 10.36p (2008: 7.78p) is based on an adjusted equity profit of £4,892,000 (2008: £2,333,000), which is based upon the equity profit of £719,000 (2008: loss of £4,931,000) adding back the amortisation of intangible assets and goodwill impairment of £1,398,000 (2008: £3,837,000), and other separately disclosed items of £2,775,000 (2008: £3,327,000).

8 Goodwill

	Year to 31 October 2009 £000's
Historical Cost	
At 1 November 2007	38,754
Additions	6,555
Reduction in consideration for JMB Travel Consultants Ltd	(13)
Reduction to deferred consideration in the Tapestry Collection Ltd	(436)
Foreign exchange movement	(773)
At 1 November 2008	44,087
Additions	93
Reduction to deferred consideration Peng Travel Ltd (see note 24)	(41)
Reduction to deferred consideration Tapestry Ltd	(160)
Reduction to deferred consideration The Cruise Professionals Ltd	(750)
At 31 October 2009	43,229
Impairment	
At 1 November 2007	–
Impairment charge for the period	2,100
1 November 2008	2,100
Impairment charge for the period	–
At 31 October 2009	2,100
Carrying amount at 31 October 2009	41,129
Carrying amount at 31 October 2008	41,987

Annually or more frequently if events or a change in the economic environment indicate a risk of impairment, the Group assesses the recoverable amount of goodwill allocated to the businesses listed below (determined by reference to the higher of fair value less costs to sell and the value in use of the continuing operations of the related businesses) as required by IAS 36: Impairment of assets. IAS 36 requires that impairment tests are carried at the level where independent cash flows arose at which the Group's Management measures returns on operations.

Goodwill is allocated to the following cash-generating units:

	Goodwill £000's
Best of Morocco Limited	1,923
Peng Travel Limited	1,284
Fair's Fare Limited	5,451
Tapestry Collection Limited	110
itravel2000	23,834
WOW House Limited	167
Captivating Cuba Limited	1,290
JMB Travel Consultants	295
The Cruise Professionals Limited	5,975
Holiday Express (UK) Limited	800
	41,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

8 Goodwill continued

For the year ended 31 October 2009 Management has undertaken a detailed review of the carrying value of these investments both at a consolidated and company level and have determined that no impairment is required for the above businesses.

In making estimates of future profit and cash flows, growth rate assumptions have been applied to each business current profits are deemed appropriate by Management.

Growth rate estimates by their nature will include assumptions which have been considered in detail by Management. In making assumptions, Management has taken into account the following factors:

- Cash flow projections based on the Group's latest approved five year budget plan which are sensitised to consider the impact of current trends in consumer demand;
- Historic results;
- Cash flows are discounted using the Group's weighted average cost of capital, adjusted as appropriate for business specific factors of sector risk, business size and other macro economic factors relevant to the specific businesses;
- Customer base to which the businesses sell;
- The Group's weighted average cost of capital of 9.7% has been based on the range of historical values of the Group's weighted average cost of capital;
- An average growth rate of 20% over the next four years has been used for the cash generating units above; and
- The impact of business downturn and changes in interest rates in growth rate assumptions.

Management believe an increased growth rate on prior year is more appropriate based on increased product, travel agency sales, re-branding of the website and a re-pricing of the product and enhanced cross selling within the Group.

If the estimated cost of capital used in determining the pre-tax discount rate for the CGU's above had been 1.2% higher than Management's estimates (for example 10.9% instead of 9.7%) no impairment would have been recorded. Using an average growth in cash flows of 15% instead of 20% also does not lead to an impairment being recorded.

9 Intangible fixed assets

	Other intangible assets	Website development £000's	Computer software £000's	Total £000's
At 1 November 2007	–	1,664	1,555	3,219
Additions	1,782	934	610	3,326
Disposals	–	(739)	(380)	(1,119)
Foreign exchange adjustments	–	(221)	–	(221)
At 1 November 2008	1,782	1,638	1,785	5,205
Additions	–	336	–	336
Disposals	–	(83)	–	(83)
Foreign exchange adjustments	–	611	303	914
At 31 October 2009	1,782	2,502	2,088	6,372
Amortisation				
At 1 November 2007	–	773	762	1,535
Charge for year	125	219	293	637
Disposals	–	(184)	(218)	(402)
At 1 November 2008	125	808	837	1,770
Charge for year	399	591	408	1,398
Disposals	–	(22)	–	(22)
Foreign exchange adjustments	–	(114)	138	24
At 31 October 2009	524	1,263	1,383	3,170
Carrying amount at 31 October 2009	1,258	1,239	705	3,202
Carrying amount at 31 October 2008	1,657	830	948	3,435

Other intangible assets comprises the separately identifiable assets determined from the acquisition of The Cruise Professionals and relates to customer relations (£1,500,000), order backlog (£206,000) and contractual agreements (£76,000) with residual lives of between one and six years. Amortisation of intangible assets is recognised within administrative expenses in the income statement

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
continued

10 Property, plant and equipment

	Property improvements £000's	Computer equipment £000's	Office Equipment £000's	Motor Vehicles £000's	Total £000's
At 1 November 2007	126	1,427	1,145	27	2,725
Additions	756	165	125	–	1,046
Disposals	(110)	(574)	(500)	–	(1,184)
Foreign exchange adjustments	(139)	–	13	–	(126)
At 1 November 2008	633	1,018	783	27	2,461
Additions	–	8	537	–	545
Disposals	–	(116)	(211)	–	(327)
Foreign exchange adjustments	123	(17)	39	–	145
At 31 October 2009	756	893	1,148	27	2,824
Depreciation					
At 1 November 2007	71	784	822	27	1,704
Charge for the year	26	51	152	–	229
Disposals	(82)	(396)	(367)	–	(845)
At 1 November 2008	15	439	607	27	1,088
Charge for year	75	142	84	–	301
Disposals	–	(14)	(158)	–	(172)
Foreign exchange adjustments	4	107	61	–	172
At 31 October 2009	94	674	594	27	1,389
Net book value					
At 31 October 2009	662	219	554	–	1,435
At 31 October 2008	618	579	176	–	1,373

The cost of assets held under finance leases are £434,668, the accumulated depreciation is £79,037 with a net book value of £355,631.

11 Trade and other receivables

	The Group	
	2009 £000's	2008 £000's
Trade accounts receivable	4,276	3,873
Other receivables	2,077	2,377
Prepayment and accrued income	1,821	1,415
	8,174	7,665

There are no overdue amounts included in the values above and no amounts are considered to be impaired.

12 Derivative financial instruments

	The Group	
	2009 £000's	2008 £000's
Receivables from derivative financial instruments	238	52

Derivative financial instruments, all with a remaining term of less than year, primarily serve to hedge future operative business; all instruments are outlined in note 26. The fair value of the financial derivatives has been determined by relevant valuations obtained from Group bankers based on observable market data and comprises a total gain on forward contracts of £23,000, all recognised in equity and relate to cash flows from November 2009 to October 2010. £215,000 relates to the fair value of a derivative associated with the Let It Snow campaign in Canada. The derivative entered into is to fully mitigate the cash flow risk associated with a specific weather event occurring on 01 January 2010 and the resulting rebate that would be due to qualifying customers of ittravel2000. The table in note 18 indicates when the cash flows are expected to occur.

13 Deferred tax

The movement in the deferred taxation asset during the year was:

	The Group	
	2009 £000's	2008 £000's
Deferred tax brought forward	(776)	27
Recognised in business combinations	–	(499)
Deferred tax recognised in relation to share options	(155)	–
Tax losses	1,351	–
Increase/(decrease) in provision relating to capital allowances	60	(304)
Net tax asset/(liability)	480	(776)

The deferred tax consists of the tax effect of timing differences in respect of:

	The Group	
	2009 £000's	2008 £000's
Excess of taxation allowances over depreciation on plant and equipment	(217)	(277)
Recognised in business combinations	(499)	(499)
Tax losses	1,351	–
Recognised in share options	(155)	–
	480	(776)

All amounts are recognised as greater than one year. There are no restrictions on dividends from overseas entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

14 Group equity

Authorised share capital:

	2009 £000's	2008 £000's
259,550,000 ordinary shares of £0.02 each	5,191	1,191
450,000 deferred shares of £0.02 each	9	9

During the year a further 200,000,000 ordinary shares of £0.02 each were authorised.

Issued, called up and fully paid:

	2009		2008	
	No.	£000's	No.	£000's
Ordinary shares of £0.02 each	145,136,110	2,903	20,393,496	407

In accordance with the Exchange Rights Agreement dated 13 October 2006, Travelzest Holdings Inc., a wholly-owned indirect subsidiary of Travelzest plc, purchased the 10,572,614 Class A shares in 0763756 B.C. Limited from 6615716 Canada Inc. The shares are issued at 120p. The exchangeable shares were originally issued as part consideration of the acquisition of ittravel2000 in October 2006.

In September 2009, the Company issued 114,170,000 issued new ordinary shares of 2p each at a premium of 3p raising £5,710,000. The placing fees associated were £1,204,000.

All shares are equally entitled to receive dividends and the repayment of capital and represent one vote at shareholders' meeting.

Exchangeable Shares

	2009		2008	
	No.	£000's	No.	£000's
Exchangeable shares	Nil	Nil	10,572,614	12,735

Reconciliation of movement in equity

	Share Capital £000's	Translation & Hedge £000's	Share premium account £000's	Merger reserve £000's	Profit and loss account £000's	Total Equity £000's
At 1 November 2007	10,715	250	14,233	2,320	3,386	30,904
Issue of Shares	2,427	–	–	–	–	2,427
Loss for the year	–	–	–	–	(4,931)	(4,931)
Premium on shares issued	–	–	2,691	–	–	2,691
Costs of share placing	–	–	(145)	–	–	(145)
Share-based payments	–	–	–	–	1,254	1,254
Movement in financial derivatives	–	(819)	–	–	–	(819)
Foreign exchange reserve	–	(1,416)	–	–	–	(1,416)
At 1 November 2008	13,142	(1,985)	16,779	2,320	(291)	29,965
Profit for the year	–	–	–	–	719	719
Exchangeable Shares	(12,524)	–	12,524	–	–	–
Issue of Shares	2,285	–	3,425	–	–	5,710
Costs of share placing	–	–	(1,204)	–	–	(1,204)
Share-based payments	–	–	–	–	(557)	(557)
Movement in financial derivatives	–	(198)	–	–	–	(198)
Foreign exchange reserve	–	(2,661)	–	–	–	(2,661)
At 31 October 2009	2,903	(4,844)	31,524	2,320	(129)	31,774

15 Share-based payments

Share options

The Group has a share option scheme for certain employees. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is a minimum of 3 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	2009		2008	
	Number of share options 000's	Weighted average exercise price	Number of share options 000's	Weighted average exercise price
Outstanding at the beginning of the year	1,457	136p	1,447	136p
Terminated in year	(1,186)	138p	–	–
Granted during the year	–	–	10	101p
Outstanding at the end of the year	271	129p	1,457	136p
Exercisable at the end of year	261	130p	40	126p

The options outstanding at 31 October 2009 had a weighted average exercise price of £1.29 and a weighted average contractual life of 7 years.

The fair value of options historically granted were determined using the Black Scholes pricing model. Significant inputs into the calculation include the market price at the date of grant and exercise prices. Furthermore, the calculation takes into account the future dividend yield, the share price volatility rate and annualised interest rate.

The underlying expected share price volatility was determined by reference to historical data. The Company expects the volatility of its share price to reduce as it matures.

The charge relating to share options not vested held by former employees has been credited at £556,754 (2008 (charge): £298,257) related to equity-settled share-based payment transactions in 2009 and 2008 respectively.

All share options must be exercised between 3 and 10 years of the date of grant.

The Company detailed in the Circular issued 05 August 2009 the creation of a Management Incentive which was agreed by shareholders at the General Meeting of 28 August 2009. As of 31 October 2009 the Incentive Options had not been granted, but the incentive requirement to M T J Molyneux, J G Carroll, and J C Fraser continues to be an obligation of the Company.

Management Incentive:

The remuneration committee of the Board has approved a new Management Incentive Arrangement for M T J Molyneux, J G Carroll and J C Fraser as well as certain other senior employees of the Group to be selected by the remuneration committee of the Board. The Management Incentive Arrangement envisages the grant of a maximum of 20,733,730 Incentive Options (representing 12.5 per cent. of the Enlarged Issued Share Capital of the Company following the Placing and the issue of Ordinary Shares on exercise of the Incentive Options). The Incentive Options will have an exercise price of no less than 5 pence per Ordinary Share. They will only vest in the event of a sale of the entire issued share capital of the Company, for an amount valuing the Company at least 15 pence per Ordinary Share. Incentive Options will be granted under the EMI Scheme where possible but will otherwise be on similar terms to options granted under the Unapproved Share Option Scheme. Instead of granting Incentive Options, the remuneration committee of the Board may implement an arrangement that has the same commercial effect but is more tax-efficient for the recipients.

The Incentive Options will be granted in the following maximum amounts:

- M T J Molyneux over 4,146,746 Ordinary Shares
- J G Carroll over 6,220,119 Ordinary Shares
- J C Fraser over 6,220,119 Ordinary Shares
- Senior Group employees over 4,146,746 Ordinary Shares

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

15 Share-based payments continued

Warrants

Details of the share warrants outstanding during the year are as follows:

	2009		2008	
	Number of share warrants 000's	Weighted average exercise price	Number of share warrants 000's	Weighted average exercise price
Outstanding at the beginning of the year	5,247	130p	5,247	130p
Granted during the year	–	–	–	–
Outstanding at the end of the year	5,247	130p	5,247	130p
Exercisable at the end of year	5,247	130p	5,247	130p

The warrants outstanding at 31 October 2009 had a weighted average exercise price of £1.30 and a weighted average contractual life of 7 years. The subscription rights attached to each warrant in issue must be exercised within 10 years of the date of grant.

The fair value of warrants granted were determined using the Black Scholes pricing model. Significant inputs into the calculation include the market price at the date of grant and exercise prices. Furthermore, the calculation takes into account the future dividend yield, the share price volatility rate and risk-free interest rate.

The underlying expected share price volatility was determined by reference to historical data. The Company expects the volatility of its share price to reduce as it matures. The risk-free interest rate was determined by the implied yield available on a zero-coupon government bond.

The Group recognised total expenses of £Nil (2008: £956,000) related to equity-settled share-based warrant payment. The 2008 charge relates to a one-off noncash charge that relates to the waiver of the right for C A L Mottershead to receive further issues of warrants.

16 Financial liabilities

Group	31 October 2009			31 October 2008		
	< 1 year £000's	1 – 5 years £000's	Total £000's	< 1 year £000's	1 – 5 years £000's	Total £000's
Liabilities to banks	1,596	13,144	14,740	1,500	14,349	15,849
Obligations under finance leases	88	347	435	–	–	–
	1,684	13,491	15,175	1,500	14,349	15,849

Interest on the liabilities to banks is payable at a variable rate, which is set at 4.50% above LIBOR on both denominated components of loan of which 100% has been fixed by means of an interest rate swap agreement at 4.0%. The bank loan is secured on the assets of Travelzest plc. In November 2010, the fixed rate increases to 8.48% on the Canadian denominated element of the loan.

During the year, the Group renegotiated the existing facility of £14,500,000 of which £10,000,000 is now denominated in Canadian dollars. Repayment of the bank loan commenced in November 2008 with a £1 million repayment, a further repayment of £500,000 was made in May 2009. The next repayment is due in May 2010 and repayments are every six months thereafter with a balloon payment in May 2012. The loan is presented net the arrangement fee of £687,000.

Finance lease liabilities primarily relate to technology infrastructure in Canada. Group obligations under finance leases are payable as follows:

	Principal £000's	Interest £000's	Minimum lease payments £000's
One year	88	34	122
One to five years	347	53	400
Total	435	87	522

17 Trade and other payables

	31 October 2009			31 October 2008		
	< 1 year £000's	1 – 5 years £000's	Total £000's	< 1 year £000's	1 – 5 years £000's	Total £000's
To third parties	2,821	–	2,821	4,588	–	4,588
Liabilities to relating to social security and other taxes	–	–	–	54	–	54
Other liabilities	8,824	6	8,830	6,527	41	6,568
Deferred consideration (see note 24)	–	–	–	951	–	951
	11,645	6	11,651	12,120	41	12,161
Deferred tax	–	871	871	–	776	776
Current tax liabilities	366	–	366	–	–	–
	12,011	877	12,888	12,120	817	12,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

18 Derivative financial instruments

	The Group	
	2009 £000's	2008 £000's
Liabilities from derivative financial instruments	1,341	871

Derivative financial instruments, all with a remaining term of more than one year, primarily serve to hedge future operative business. All instruments are outlined in note 26. The fair value of the financial derivatives has been determined by relevant active market valuations.

During the year interest swaps denominated in sterling and Canadian dollar that were aligned to the restated facility in June 2008 were terminated and new interest swaps matching the amounts of the loan denominated in Canadian dollar and sterling. An element of the future cash flows relating to the former sterling interest swaps no longer exists and has been released from the cash flow hedge reserve to the income statement to the value of £73,000.

All financial instruments have been designated as hedging instruments as cash flow hedges in accordance with IAS 39, except for the Canadian dollar denominated interest rate swap which is an effective economic hedge. The following table indicates the periods in which the cash flows associated with the derivatives which as a cash flow hedge are expected to occur.

31 October 2009	Projected cash inflows/(outflows)				
	Fair value of instrument	< 1 year	1– 2 years	2-5 years	>5 years
	£000's	£000's	£000's	£000's	£000's
Derivative financial assets					
Weather derivative	215	215	–	–	–
Foreign exchange forward contracts	23	23	–	–	–
Derivative financial liabilities					
Interest rate swaps	(1,338)	(532)	(606)	(200)	–
Foreign exchange forward contracts	(3)	(3)	–	–	–

During the year effectiveness relating to the cash flow hedges has been recognised in the income statement amounting to £73,000 (2008: (£403,000)).

19 Contingent liabilities

Holiday Express (UK) Limited has provided bonds in favour of ABTA and IATA for £Nil (2008: £300,000). VFB Holidays Limited has provided a bond to AITOT for £616,700 (2008: £695,000) and IATA £85,000 (2008: £Nil), JMB Travel Consultants to ABTOT for £23,200 (2008: £10,000) and Fairs Fare provide a bond to IATA for £395,000 (2008: £Nil). itravel2000 have provided a bond in favour of the Office of the Protection of Consumers in Quebec for CAD \$150,000 (2008: CAD \$20,000). Peng Travel has provided a bond in favour of ABTA of £137,236 (2008: £88,800). Barclays Bank plc holds an unlimited debenture over the assets of the Company, including the shares in subsidiary companies in respect of loans made to the holding company. Barclays Bank plc holds an unlimited debenture over the assets of the Company and UK subsidiaries in respect of ancillary facilities.

20 Commitments under operating leases

At 31 October 2009 the Group's total operating lease payments are as set out below.

The Group	2009		2008	
	Land and buildings £000's	Other items £000's	Land and Buildings £000's	Other items £000's
Operating leases when payable:				
Within 1 year	666	176	472	218
Within 2 to 5 years	2,409	319	1,808	834
After more than 5 years	2,184	–	2,489	39
	5,259	495	4,769	1,091

21 Other financial commitments

The Group had the following capital commitments at the year end:

	2009 £000's	2008 £000's
Website development	15	210

22 Related party transactions

During the year Holiday Express (UK) Limited sold holidays to C G McKinlay, N Robb amounting to £Nil (2008: £8,295).

All of the transactions were on normal commercial terms and an arm's length basis.

Furthermore during the year, C A L Mottershead benefited from income received from the ownership of a villa that was marketed to Tapestry's clients, to the value of £10,800 (2008: £11,907) at the year end £4,703 was outstanding. In addition, the brother of C A L Mottershead, P Mottershead, benefited from income received from the ownership of a villa that was also marketed to Tapestry's clients, to the value of £8,450 all of which remained outstanding at the year end (2008: £5,450). C A L Mottershead and P Mottershead also received income of £58,189 in relation to the Oasis Hotel which was purchased by P Mottershead during the financial year, and was also marketed to Tapestry's clients, of which £8,189 remained outstanding at the year end.

J C Fraser is a shareholder and Director in 2149201 Ontario Inc, in addition S Carroll and E Carroll brother and father respectively of J G Carroll are also shareholders and directors in this company. In 2008, this company entered into a property lease agreement (as landlord) with 4358376 Canada Inc., carrying on business as itravel2000 (as tenant), in 2008. The property is located at 2350 Matheson Boulevard East, Mississauga, Ontario, Canada, and the lease is for the entire building (approximately 40,000 square feet) and lands (approximately 140 parking spaces). The term of the lease is 10 years from 1 October 2008 to 30 September 2018 with market competitive net rate of CAD \$18.50 per square foot in years 1 to 5, and CAD \$23.50 per square foot in years 6 to 10. All operating and maintenance costs are to the tenant's account. A leasehold improvement allowance of up to CAD \$800,000 was included as part of the lease inducement by the landlord.

Kiran Fraser, the wife of J C Fraser, purchased holidays from itravel2000 amounting to £4,730; no amounts were outstanding at the year end.

Directors' emoluments details including share-based payments are disclosed in note 4. In addition during the year £24,000 (2008: £18,000) was paid to the Company Secretary in relation his professional fees.

During the year Fair's Fare Limited paid £429,879 in commissions and £150,000 in prepayments for future services from T G Travel Limited, a company in which R S Anand, the Managing Director of Fair's Fare Limited has an interest. At the year end £102,000 is outstanding from Fairplay Limited, a company in which R S Anand has an interest to Fair's Fare Limited; all amounts have been settled after the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

23 Notes to the statement of cash flows

The cash flow statement showed the flow of cash and cash equivalents on the basis of a separate presentation of cash inflows and outflows from operating, investing and financing activities.

Reconciliation of operating profit to net cash inflow from operating activities

	The Group	
	2009 £000's	2008 £000's
Operating profit/(loss)	1,293	(2,322)
Amortisation and impairment	1,398	2,737
Depreciation	301	229
Increase in inventories	(31)	(31)
Change in operating receivables	(1,098)	(623)
Share-based payments	(557)	1,254
Change in operating payables	(552)	(3,555)
	754	(2,311)

Included within changes in operating payables is £280,000 relating to placing fees.

24 Acquisitions

Deferred consideration outstanding

	2009 £000's
At 1 November 2007	4,702
Settled – cash	(1,686)
Settled – shares	(2,375)
Acquisitions in year	750
Reduction in deferred consideration of the Tapestry Collection	(436)
Reduction to consideration in JMB Travel Consultants Ltd	(13)
Exchange adjustment	9
At 1 November 2008	951
Reduction in deferred consideration of The Cruise Professional Ltd	(750)
Reduction in deferred consideration of The Tapestry Collection Ltd	(160)
Reduction in deferred consideration of Peng Travel Ltd	(41)
	Nil

25 Post balance sheet events

There have been no significant post balance sheet events since 31 October 2009.

26 Financial risk management objectives and policies

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and to ensure that the Group has adequate policies, procedures and controls to successfully manage the financial risks that it faces. These form part of the Group's overall Risk Management Framework.

Incorporated within the framework's terms of reference are the determination of all treasury policies and the monitoring of the effectiveness of those policies. Group Treasury implements and agrees policies on a day-to-day basis. The procedures also stipulate the levels of authority applied to dealing and to approving the types of hedging financial instrument used to manage these exposures. Transactions are only undertaken to hedge underlying exposures. Financial instruments are not traded, nor are speculative positions taken.

The Treasury position of the Group, including liquidity and foreign exchange hedging exposure, is managed centrally in accordance with policies appropriate to cover specific risks faced by each business unit, and is the responsibility of the Chief Operating Officer and Financial Director. Management conducts regular reviews of financial risks with business unit management teams. Reports and forecasts are submitted monthly to the Group management Board and to each Company Board meeting.

In line with its established policy, the Group has monitored throughout the year its counterparty exposure with individual financial institutions. Such counterparty risk can arise by way of cash deposited or derivative instruments traded.

The Group uses various financial instruments. These include loans and cash together with various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations and group acquisitions. As a matter of principle, all hedging transactions of the Group were based on appropriately recognised or future underlying items. The hedging transactions by the Group companies were based on the risk profile and hedge schedule of the respective company. The existence of these financial instruments exposes the Group to a number of financial risks, market risk (in respect of foreign currency rate risk and interest rate risk), liquidity risk (in respect of the Group's ability to meet its liabilities) and credit risk (in respect of recovery amounts owing to the Group). The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

The Group's key financial market risks are in relation to foreign currency rate. Currency risk results from the cross-border element of the Group's trading, and principally arises on purchases that are denominated in currency other than sterling. The risk is managed by the use of foreign exchange forward and swap contracts.

Currency risk

The Group publishes its consolidated financial statements in sterling and as a result, it is subject to foreign currency exchange translation risk in respect of the translation of the results and underlying assets of its foreign operations into sterling. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Transaction exposures primarily comprise accommodation and other costs of overseas holidays payable in currencies other than sterling.

The table below shows the extent to which the Group had residual financial assets and liabilities at the year end in currencies other than sterling:

	2009		2008	
	Functional Currency of Operations		Functional Currency of Operations	
	Sterling £000's	Canadian Dollars CAD\$ 000's	Sterling £000's	Canadian Dollars CAD\$ 000's
Cash at Bank and in Hand				
– Euros	524	–	1,017	–
– US dollars	393	–	69	–
– Other currencies	–	–	19	–
Bank Loans				
– Canadian dollars	10,919	–	4,291	–

The Group hedges its foreign currency exposures generally on a seasonal basis that is winter and summer seasons. At the start of the season the Group will have hedged some of its foreign currency exposure for that season, using predominantly forward exchange contracts, most with a maturity of less than one year from the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

26 Financial risk management objectives and policies continued

At the year end the Group had the following forward exchange contracts:

	2009		2008	
	Total sterling commitment	Fair value of forward element of contract	Total sterling commitment	Fair value of forward element of contract
	£000's	£000's	£000's	£000's
Euro	253	23	9,530	52
Canadian dollars	–	–	2,000	(4)
US dollars	184	(2)	375	(54)
Moroccan Dirham	50	(1)	–	–

The following significant exchange rates to the Group's Sterling presentation currency are illustrative of the rates applied during the current year and prior year:

	2009		2008	
	Average rate	Spot rate	Average rate	Spot rate
Euro	1.1305	1.1177	1.3004	1.2634
Canadian dollars	1.8012	1.7723	1.9886	1.9926
US dollars	1.5444	1.6445	1.9444	1.6480

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Trade and other receivables exposures are managed locally in the operating businesses where they arise; there is no concentration of credit risk with respect to trade and other receivables due to a majority of holidays being paid for in advance. The maximum exposure to credit risk is £4,276,000 as outlined in note 11.

In addition, the Group makes prepayments for hotel accommodation. Whilst such prepayments do not meet the definition of a financial asset under IAS39, such prepayments give rise to a risk similar to credit risk due to the inherent risk of the Group not recovering the prepayment through full delivery of the related goods and services.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances.

The Group's liquidity peaks in July and August during the European summer holiday season and December through February during the North American holiday season, with the liquidity low points in April and November.

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's financial assets are highlighted below:

	2009 £000's	2008 £000's
Trade accounts receivable	4,276	3,873
Other receivables	2,077	2,377
	6,353	6,250
Derivatives designated as cash flow hedges:		
Derivatives financial instruments	238	52
Cash	5,585	5,077

The Board remains satisfied with the Group's funding and liquidity position. Further information on the borrowings of the Group is given in note 16 to the accounts. The table below provides details of the Group's undiscounted financial liabilities at the year end:

Group	31 October 2009			31 October 2008		
	< 1 year £000's	1 – 5 years £000's	Total £000's	< 1 year £000's	1 – 5 years £000's	Total £000's
Financial liabilities measured at amortised cost:						
Liabilities to banks	1,596	13,144	14,740	2,725	17,013	19,738
Obligations under finance leases	88	347	435			
To third parties	2,821	–	2,821	5,963	–	5,963
Other liabilities	8,824	6	8,830	6,527	41	6,568
Deferred consideration	–	–	–	951	–	951
	13,329	13,497	26,826	16,166	17,054	33,220
Derivatives designated as cash flow hedges:						
Derivative financial instruments	521	820	1,341	871	–	871

Interest rate risk

The Group finances its operations through retained profits. Acquisitions are financed through a combination of share capital, loan notes and bank borrowings. The Group exposure to interest rate fluctuations on its borrowings is managed by the use of interest rate swaps. Details of interest rates on borrowings are given in note 16 to the accounts.

Sensitivity analysis

The sensitivity analysis is for illustrative purposes only and should be considered a projection of likely future events and gains or losses.

The sensitivity analysis includes the following assumptions:

- Change in market interest rates only affect interest income or expense of variable financial instruments;
- Change in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates are recognised at fair value;
- Change in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments;
- All foreign currency hedges are expected to highly effective.

Currency risk

Under these assumptions, with a 10% strengthening of sterling against all other currencies, profit after tax would be increased by £0.2m (2008: £0.2m) and equity would be increased by £4.7m (2008: £2.8m). A 10% weakening of Sterling against all other currencies would result in a loss after tax of £0.2m (2008: £0.2m) and a reduction in equity of £3.8m (2008: £2.3m).

Interest rate risk

Under these assumptions, with a 1% (100 basis point) difference in market interest rates, loss after tax would have reduced or increased by £0.1m (2008 £1.1m).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAVELZEST PLC

We have audited the parent company financial statements of Travelzest plc for the year ended 31 October 2009 which comprise the Company Balance Sheet, the Principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 16 & 17, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2009;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Travelzest plc for the year ended 31 October 2009.

John Minards

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

28 January 2010

COMPANY BALANCE SHEET

	Notes	31 October 2009 £000's	31 October 2008 £000's
Fixed assets			
Tangible fixed assets	A	14	22
Investments	B	25,143	38,849
		25,157	38,871
Current assets			
Debtors	C	22,265	11,006
Deferred taxation	G	743	–
Cash at bank		2,012	140
		25,020	11,146
Creditors: amounts falling due within one year	D	(2,794)	(4,247)
Net current assets		22,226	6,899
Total assets less current liabilities		47,383	45,770
Creditors: amounts falling due after more than one year	E	(13,144)	(13,947)
		34,239	31,823
Capital and reserves			
Called-up equity share capital	I	2,903	407
Share premium account	J	31,524	16,779
Exchangeable shares	I	–	12,735
Merger reserve	J	3,357	3,357
Profit and loss account	J	(3,545)	(1,455)
Shareholders' funds	K	34,239	31,823

These financial statements were approved by the Directors on 28 January 2010 and are signed on their behalf by:

J G Carroll
Director

J C Fraser
Director

The accompanying accounting policies and notes from part of these financial statements

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention, and in accordance with UK GAAP.

Accounting convention

The financial statements are prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The loss dealt with in the accounts of the parent company under UK GAAP is £1,533,000 (2008 (loss): £7,146,000).

Under Financial Reporting Standard No 1 (revised), the Company is exempt from the requirement to prepare a cash flow statement as its cash flows are included within the published consolidated cash flow statement of Travelzest plc.

The Company has taken advantage of the exemption contained within Financial Reporting Standard No 8 and has not therefore disclosed transactions or balances with entities that form part of the Group.

The Company has taken advantage of the exemption contained within Financial Reporting Standard No 29 and has not provided the required financial instruments disclosure on the basis that the Group's consolidated financial statements include consolidated IFRS 7 disclosures which are compliant with the requirements of FRS 29.

Merger relief

The Company was entitled to the merger relief offered by section 131 of the Companies Act 1985 in respect of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of Peng Travel Limited, Fair's Fare Limited and the settlement of outstanding consideration on the acquisition of Holiday Express Group Limited.

On acquisition, the investments in the Company's immediate subsidiary companies were recorded in the Company's balance sheet at the fair value of the assets acquired, with the difference between this and the nominal value of the shares issued being credited to a merger reserve.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Where loans made to Group undertakings are not expected by the Director's to be repaid in the foreseeable future these are treated as equity in nature and are classified within fixed asset investments.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on a straight line basis:

Office equipment and computer equipment – 2 to 5 years

Operating lease agreements

Rentals applicable to land and building operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The pension costs charged against operating profits are the contributions payable to defined contribution pension schemes in respect of the accounting period.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Share-based payments

The Group issues share-based instruments to certain employees as part of their total remuneration. The fair values of these instruments are calculated at the date of grant, using the Black-Scholes pricing model. These fair values are charged to the income statement on a straight-line basis over the expected vesting periods of the instruments, with a corresponding increase in equity reserves. Any waivers to share-based payments are treated as cancellations by the Group.

Directors

Details of Directors' remuneration, share-based payments and pension entitlements in the current period and prior period are contained in Note 4 to the consolidated financial statements. Details of share-based payments are also contained in Note 15 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

A Tangible fixed assets

	Office Equipment £000's	Computer equipment £000's	Total £000's
Cost			
At 1 November 2008	8	31	39
Additions	–	6	6
At 31 October 2009	8	37	45
Depreciation			
At 1 November 2008	5	12	17
Charge for the year	3	11	14
At 31 October 2009	8	23	31
Net book value			
At 31 October 2009	–	14	14
At 31 October 2008	3	19	22

B Fixed asset investments

	Long term loans to group undertakings £000's	Equity interests in subsidiary undertakings £000's	Total £000's
Cost			
At 1 November 2008	13,198	25,651	38,849
Additions	–	608	608
Disposals to Travelzest Holding (UK) Limited	–	(13,363)	(13,363)
Adjustment to consideration of The Cruise Professionals Limited	–	(750)	(750)
Adjustment to consideration of Peng Travel Limited	–	(41)	(41)
Adjustment to consideration of The Tapestry Collection Limited	–	(160)	(160)
At 31 October 2009	13,198	11,945	25,143
Net book value			
At 31 October 2009	13,198	11,945	25,143
At 31 October 2008	13,198	25,651	38,849

On 28 February 2009, the Company disposed of the subsidiaries noted below to its direct subsidiary Travelzest Holdings (UK) Limited at market value for purpose of centralising the holdings in the United Kingdom.

	Country of registration	Class of share capital held	Proportion held by Company	Nature of business
Travelzest UK (Retail) Limited	England & Wales	Ordinary	100%	Tour operator
Best of Morocco Limited	England & Wales	Ordinary	100%	Tour operator
Peng Travel Limited	England & Wales	Ordinary	100%	Tour operator
Montpelier Collection Limited	England & Wales	Ordinary	100%	Holding company
Tapestry Collection Limited	England & Wales	Ordinary	100%	Tour Operator
Captivating Cuba Limited	England & Wales	Ordinary	100%	Tour Operator
JMB Travel Consultants Limited	England & Wales	Ordinary	100%	Tour Operator

The shareholdings above also represent the proportion of voting rights held.

At 31 October 2009, the Company held more than 20% of the allotted share capital of the following trading and holding companies:

	Country of registration	Class of share capital held	Proportion held by Company	Nature of business
Holiday Express (UK) Limited	England & Wales	Ordinary	100%	Travel agents
Travelzest Canco Limited	England & Wales	Ordinary	100%	Holding company
Wow House Limited	England & Wales	Ordinary	100%	Travel agents
Travelzest Holdings (UK) Limited	England & Wales	Ordinary	100%	Holding company

The shareholdings above also represent the proportion of voting rights held. All subsidiaries have been included in the consolidated accounts. The Company also indirectly owns the following companies:

	Country of registration	Class of share capital held	Proportion held by Group	Nature of business
Travelzest Retail (UK) Limited	England & Wales	Ordinary	100%	Tour operator
Vacances Franco-Britanniques Limited	England & Wales	Ordinary	100%	Tour operator
Travelzest Holdings Inc	Canada	Ordinary	100%	Holding company
0763756BC Limited	Canada	Ordinary	100%	Holding company
4358736 Canada Inc. (trading as itravel2000)	Canada	Common	100%	Travel agents
The Cruise Professionals Limited	Canada	Common	100%	Travel agents
Best of Morocco Limited	England & Wales	Ordinary	100%	Tour operator
Peng Travel Limited	England & Wales	Ordinary	100%	Tour operator
Montpelier Collection Limited	England & Wales	Ordinary	100%	Holding company
Fair's Fare Limited	England & Wales	Ordinary	100%	Travel agents
Tapestry Collection Limited	England & Wales	Ordinary	100%	Tour operator
Captivating Cuba Limited	England & Wales	Ordinary	100%	Tour operator
JMB Travel Consultants Limited	England & Wales	Ordinary	100%	Tour operator

NOTES TO THE COMPANY FINANCIAL STATEMENTS
continued

C Debtors

	2009 £000's	2008 £000's
Amounts owed by Group companies	22,167	10,591
Other debtors	8	130
Prepayments and accrued income	90	285
	22,265	11,006

Included within amounts owed by Group companies are amounts due from Travelzest plc's overseas subsidiaries of which bears interest of 8.67%, all other amounts are interest free. Voluntary repayments can be made at any time.

D Creditors: amounts falling due within one year

	2009 £000's	2008 £000's
Bank loans and overdraft	1,596	1,500
Trade creditors	217	146
Social security & other taxes	19	201
Corporation tax	77	294
Accruals and deferred income	885	1,155
Deferred consideration (see note 24)	–	951
	2,794	4,247

E Creditors: amounts falling due after more than one year

	2009 £000's	2008 £000's
Bank loans	13,144	13,947

F Creditors – capital instruments

Bank loans are repayable:

	2009 £000's	2008 £000's
In one year or less or on demand	1,596	1,500
Between one and two years	4,253	2,750
Between two and five years	8,891	11,197
	14,740	15,447

Interest is payable on bank loans, loan notes:

	2009 £000's	2008 £000's
Variable interest rate	14,740	15,447

Interest on the liabilities to banks is payable at a variable rate, which is set at 4.50% above LIBOR on both denominated components of loan of which 100% has been fixed by means of an interest rate swap agreement at 4.0%. The bank loan is secured on the assets of Travelzest plc. In November 2010, the fixed rate increases to 8.48% on the Canadian denominated element of the loan.

During the year, the Group renegotiated the existing facility of £14,500,000 of which £10,000,000 is now denominated in Canadian dollars. Repayment of the bank loan commenced in November 2008 with a £1 million repayment, a further repayment of £500,000 was made in May 2009. The next repayment is due in May 2010 and repayments are every six months thereafter with a balloon payment in May 2012. The loan is presented net the arrangement fee of £687,000.

G Deferred taxation

The movement in the deferred taxation provision during the year was:

	2009 £000's	2008 £000's
Provision brought forward	–	(203)
Increase/(decrease) in provision	(743)	203
Provision carried forward	(743)	–

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2009 £000's	2008 £000's
Other short-term timing differences	(743)	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

continued

H Commitments under operating leases

At 31 October 2009 the Company had annual commitments under non cancellable operating leases as set out below.

	2009		2008	
	Land and buildings £000's	Other items £000's	Land and Buildings £000's	Other items £000's
Operating leases which expire:				
Within 2 to 5 years	–	–	18	–
	–	–	18	–

I Share capital

Authorised share capital:

	2009 £000's	2008 £000's
259,550,000 ordinary shares of £0.02 each	5,191	1,191
450,000 deferred shares of £0.02 each	9	9

During the year a further 200,000,000 ordinary shares of £0.02 each were authorised.

Allotted, called up and fully paid:

	2009		2008	
	No.	£000's	No.	£000's
Ordinary shares of £0.02 each	145,136,110	2,903	20,393,496	407

In accordance with the Exchange Rights Agreement dated 13 October 2006, Travelzest Holdings Inc., a wholly-owned indirect subsidiary of Travelzest plc, purchased the 10,572,614 Class A shares in 0763756 B.C. Limited from 6615716 Canada Inc. The shares are issued at 120p. The exchangeable shares were originally issued as part consideration of the acquisition of itravel2000 in October 2006.

In September 2009, the Company issued 114,170,000 issued new ordinary shares of 2p each at a premium of 3p raising £5,710,000. The placing fees associated were £1,204,000.

All shares are equally entitled to receive dividends and the repayment of capital and represent one vote at shareholders' meeting.

Exchangeable Shares

	2009		2008	
	No.	£000's	No.	£000's
Exchangeable shares	Nil	Nil	10,572,614	12,735

J Reserves

	Share premium account £000's	Merger reserve £000's	Profit and loss account £000's
At 1 November 2008	16,779	3,357	(1,455)
Loss for the year	–	–	(1,533)
Premium on shares issued	15,949	–	–
Share-based payments	–	–	(557)
Costs of share placing	(1,204)	–	–
At 31 October 2009	31,524	3,357	(3,545)

K Reconciliation of movements in shareholders' funds

	2009 £000's	2008 £000's
Loss for the financial year	(1,533)	(7,146)
Issue of shares (net of expenses)	17,241	4,973
Conversion of exchangeable shares	(12,735)	–
Share-based payments	(557)	1,254
Net addition/(reduction) to shareholders' equity funds	2,416	(919)
Opening shareholders' equity funds	31,823	32,742
Closing shareholders' equity funds	34,239	31,823

L Loss attributable to the shareholders of the parent company

The loss dealt with in the accounts of the parent company was £1,533,000 (2008 (loss): £7,146,000).

M Contingent liabilities

Barclays Bank plc holds an unlimited debenture over the assets of the holding company, including the shares in subsidiary companies in respect of loans made to the holding company. Barclays Bank plc holds an unlimited debenture over the assets of the Company and UK subsidiaries in respect of ancillary facilities.

N Share-based payments**Share options**

The Group has a share option scheme for certain employees. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is 3 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	2009		2008	
	Number of share options 000's	Weighted average exercise price	Number of share options 000's	Weighted average exercise price
Outstanding at the beginning of the year	1,457	136p	1,447	136p
Terminated in year	(1,186)	138p	–	–
Granted during the year	–	–	10	101p
Outstanding at the end of the year	271	129p	1,457	136p
Exercisable at the end of year	261	130p	40	126p

The fair value of options historically granted were determined using the Black Scholes pricing model. Significant inputs into the calculation include the market price at the date of grant and exercise prices. Furthermore, the calculation takes into account the future dividend yield, the share price volatility rate and annualised interest rate.

The underlying expected share price volatility was determined by reference to historical data. The Company expects the volatility of its share price to reduce as it matures.

The charge relating to share options not vested held by former employees has been credited at £557,000 (2008 (charge): £298,257) related to equity-settled share-based payment transactions in 2009 and 2008 respectively.

All share options must be exercised between 3 and 10 years of the date of grant.

The Company detailed in Circular issued 05 August 2009 the creation of a Management Incentive which was agreed by shareholders at the General Meeting of 28 August 2009. As of 31 October 2009 the Incentive Options had not been granted, but the incentive requirement to MT J Molyneux, J G Carroll, and J C Fraser continues to be an obligation of the Company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

continued

N Share-based payments continued**Management Incentive:**

The remuneration committee of the Board has approved a new Management Incentive Arrangement for MT J Molyneux, J G Carroll and J C Fraser as well as certain other senior employees of the Group to be selected by the remuneration committee of the Board. The Management Incentive Arrangement envisages the grant of a maximum of 20,733,730 Incentive Options (representing 12.5 per cent. of the Enlarged Issued Share Capital of the Company following the Placing and the issue of Ordinary Shares on exercise of the Incentive Options). The Incentive Options will have an exercise price of no less than 5 pence per Ordinary Share. They will only vest in the event of a sale of the entire issued share capital of the Company, for an amount valuing the Company at least 15 pence per Ordinary Share. Incentive Options will be granted under the EMI Scheme where possible but will otherwise be on similar terms to options granted under the Unapproved Share Option Scheme. Instead of granting Incentive Options, the remuneration committee of the Board may implement an arrangement that has the same commercial effect but is more tax-efficient for the recipients.

The Incentive Options will be granted in the following maximum amounts:

- MT J Molyneux over 4,146,746 Ordinary Shares
- J G Carroll over 6,220,119 Ordinary Shares
- J C Fraser over 6,220,119 Ordinary Shares
- Senior Group employees over 4,146,746 Ordinary Shares

Warrants

Details of the share warrants outstanding during the year are as follows:

	2009		2008	
	Number of share warrants 000's	Weighted average exercise price	Number of share warrants 000's	Weighted average exercise price
Outstanding at the beginning of the year	5,247	130p	5,247	130p
Granted during the year	–	–	–	–
Outstanding at the end of the year	5,247	130p	5,247	130p
Exercisable after more than 1 year	5,247	130p	5,247	130p

The warrants outstanding at 31 October 2009 had a weighted average exercise price of £1.30 and a weighted average contractual life of 7 years. The subscription rights attached to each warrant in issue must be exercised within 10 years of the date of grant.

The fair value of warrants granted were determined using the Black Scholes pricing model. Significant inputs into the calculation include the market price at the date of grant and exercise prices. Furthermore, the calculation takes into account the future dividend yield, the share price volatility rate and risk-free interest rate.

The underlying expected share price volatility was determined by reference to historical data. The Company expects the volatility of its share price to reduce as it matures. The risk-free interest rate was determined by the implied yield available on a zero-coupon government bond.

The Group recognised total expenses of £Nil (2008: £956,000) related to equity-settled share-based warrant payment. The 2008 charge relates to a one-off noncash charge that relates to the waiver of the right for C A L Mottershead to receive further issues of warrants.

O Post balance sheet events

There have been no significant post balance sheet events since 31 October 2009.

COMPANY INFORMATION

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04520457

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J G Carroll
J C Fraser

Non-Executive Directors

R G Hall
M T J Molyneux (Chairman)
N Robb (resigned effective as
of 31 January 2010)
P Thomson

Company Secretary

R G Hall

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