

Date: 24 October 2007
On behalf of: Travelzest plc ("Travelzest" or the "Group")
Embargoed until: 0700hrs

Travelzest plc

Pre-close trading update

Travelzest plc, the online travel group offering specialist travel programmes, today reports on trading prior to entering the closed period in respect of its preliminary results for the year ended 31 October 2007.

The Board of Travelzest is pleased with the progress the Group has made during the year and anticipates that trading for the year will be in line with its expectations. The outlook for next year remains positive.

Canadian on-line distribution

At the half year stage we stated that we were very pleased with the excellent performance of our largest business itravel2000, and that its sales were up 17% year-on-year. This trend has continued and we have seen a similar performance in the second half of the year. itravel2000 is well placed going in to the peak Winter selling season having successfully marketed the company through its "Let it Snow" campaign during the Summer.

UK tour operations

On 1 November 2006 Travelzest had four tour operators within the Group; VFB Holidays (a French and river cruise specialist), Best of Morocco, Peng Travel (the leading UK naturist holiday company) and farawayholidays.co.uk (specialist in tours of the Far East). VFB has continued to improve following its record performance last year. Best of Morocco had a particularly strong first half of the year, which is its key selling season and is well positioned for the 2007/2008 Winter season. Peng Travel has also enjoyed strong sales from its very loyal customers during the year and following the introduction of a new website is 11% up for the 2007/2008 Winter season. Lastly, farawayholidays.co.uk, which was launched in August 2006, has had a challenging year as it establishes itself within the on-line Far East and exotic holiday market. A number of steps were taken during the Summer to re-focus the business on four destinations, which has resulted in an increase in sales and margin, and bodes well for an improved performance in 2008.

UK on-line agency distribution

Fair's Fare has had a solid year following its acquisition in June 2006. We are pleased to have recently signed a number of new contracts, which should lead to further growth in 2008. We took the decision to launch flight.co.uk with new technology during the financial year and we have been pleased with this development although a contribution is yet to be achieved. It is our intention to use this technology to provide flights for holiday.co.uk and our UK tour operators. The development of holiday.co.uk has continued throughout 2007 and as such is not yet complete. We believe this will lead to a positive contribution in 2009, following completion of this project in 2008.

Acquisitions

During 2007 we acquired Tapestry Collection, Wow House, Captivating Cuba and JMB Travel. As previously indicated these acquisitions will, overall, negatively impact the year principally due to the seasonality of Captivating Cuba's profits. However, Tapestry Collection will provide a positive contribution and, following the implementation of action plans by Travelzest management, we expect a positive contribution for these businesses in 2008.

Commenting on the outlook, Chris Mottershead, Travelzest's Chief Executive, said:

"Due to the progress made in 2007 I am very pleased that Travelzest has established itself as the prominent on-line specialist travel company. We have seen strong performances from the businesses we acquired in 2006 and combined with the improvements we expect to come from the

new websites, holiday.co.uk and flight.co.uk, and the additional profits to be generated by the 2007 acquisitions, we are well positioned for long term sustainable performance and growth.”

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Notes to Editors

The Group currently comprises:

itravel2000.com

itravel2000.com was founded in 1994 and is an online travel agent specialising in the sale of travel and travel related products. Sales are made through various internet web sites and a customer call centre located in Mississauga, Ontario. The greater proportion of itravel2000.com's business is winter-based, thus providing counter-seasonal revenue to the predominantly summer-based revenues of Travelzest's businesses in Europe.

www.itravel2000.com

Holiday Express

Holiday Express is one of the UK's leading on-line travel businesses. It specialises in both on-line travel fulfillment services and online travel sales. Holiday Express' retail business (acting as travel agent), provides package holidays, charter flights and ski booking services, accounts for the vast majority of its revenue and the remainder of its revenue is generated through acting as a tour operator. Holiday Express owns a number of travel website domain names, including:

- www.holiday.co.uk

- www.flight.co.uk

Fair's Fare

Fair's Fare was established in 1995 and is the UK's leading firm of airfare analysts, offering a unique travel planning service to both private and business clients. The company seeks out the very best financial options, on all major airlines, but primarily for long-haul travellers in the first and business class cabins of the world's leading airlines.

VFB Holidays

VFB Holidays is a long established, award winning tour operator, which provided holidays for approximately 24,000 passengers in its last financial year. VFB is currently contracted with the owners of approximately 350 holiday cottages throughout France for the summer season, and has booking arrangements with over 150 hotels, most of which are privately owned and are located in rural or semi-rural locations. VFB specialises in cottage holidays in France, but also has a number of other holiday programmes including: France à la Carte (hotel accommodation), Corsica, Short Breaks, Escorted Tours and River Cruises.

www.vfbholidays.com

Best of Morocco

Best of Morocco is a tour operator specialising in high quality, tailor-made holidays to Morocco for individuals or small groups. It provides a personalised service and it's highly experienced and knowledgeable staff help each customer select the hotels / resorts from their large range which are appropriate for the customer's desired style of holiday. Best of Morocco is the premier agent for the Marathon des Sables, a foot race that takes place in Morocco in April each year, covering some 230km. Best of Morocco provides the largest contingent of runners for the race each year.

www.bestofmorocco.co.uk

Peng Travel

Peng Travel was formed in 1971 to arrange naturist holidays for the UK market. Since then, it has grown to become Britain's biggest naturist tour operator. It has unrivalled experience of naturist areas worldwide and has selected only the best. The range of naturist holidays offered is unmatched by any other British tour operator.

www.pengtravel.co.uk

Faraway Holidays

Faraway Holidays was launched by Travelzest in August 2006. It offers tailor-made holidays to many of the world's top exotic destinations in the Far East, Middle East, Indian Ocean, South Pacific and South America. Every destination offered by Faraway Holidays will have been visited by at least one member of the sales team, ensuring that customers receive informed and knowledgeable advice when planning their holiday.

www.farawayholidays.co.uk

Tapestry Collection

Travelzest acquired the assets of Tapestry Holidays and has launched a revitalised brand consisting of the very best of the Tapestry range. The Tapestry Collection will initially showcase the very best of Turkey and Crete featuring many of the most popular hotels, apartments and villas, together with some exciting new properties.

www.thetapestrycollection.com

The Wow House Company

Wow House Limited, trading as The Wow House Company, is a specialist UK accommodation provider offering an exclusive portfolio of large, prestigious houses to rent for short breaks in the UK. The company also offers a comprehensive event planning service.

www.thewowhousecompany.co.uk

Captivating Cuba

Captivating Cuba is a tour operator specialising in quality tailor made holidays to Cuba. It's highly experienced team provide customers with the very best advice regarding how to get the most from their visit to the largest Caribbean island.

www.captivatingcuba.com

JMB Travel

JMB Travel Consultants Limited is a leading UK specialist in opera holidays offering an extensive range of destinations noted for their operas and music festivals. It has unrivalled experience in catering for the particular needs of the opera and music lover and has connections with every major opera house and music festival in Europe and a small section of North America.

www.jmb-travel.co.uk