

Date: 20 June 2008
On behalf of: Travelzest plc ("Travelzest" or the "Company")
Embargoed until: 0700hrs

Travelzest plc

- **Acquisition of Canadian luxury cruise retailer for £6.5 million (CAD 13 million *)**
- **Debt facility increased to £16 million and extended for four years**
- **Placing raises £2 million**

Travelzest plc, the travel group offering specialist travel programmes, is pleased to announce it has acquired the Canadian luxury cruise retailer, The Cruise Professionals Limited, ("The Cruise Professionals") for an initial consideration of £6.5 million (CAD 13 million *) from its owner, Mary Jean Tully.

The consideration is satisfied by £5.75 million in cash (CAD 11.5 million) and the issue of 682,000 shares in Travelzest at a price of 110p. In addition Mary Jean Tully will become entitled to a further payment of up to £750,000 (CAD 1.5 million) payable in shares in Travelzest plc subject to the achievement of targets in the business for the 12 month period to 30 April 2009.

The consideration is funded through the placing of 2,222,222 new ordinary shares to an institutional investor at 90p per share and an increased debt facility agreed between Travelzest and Barclays Bank Plc ("Barclays"). The new debt facility is for a total of £16 million and replaces the existing facility in place between Travelzest and Barclays. The facility is for a four year period expiring in May 2012.

Travelzest has authority granted at the Annual General Meeting on 30 April 2008 to allot the new ordinary shares which are expected to be admitted to trading on 25 June 2008.

The Cruise Professionals is a retailer with an online presence offering luxury cruise experiences, providing its customers with a bespoke service selling itineraries in the most luxurious suites on the World's best cruise lines. The company's staff pride themselves in providing world class customer service and competitive rates. Destinations include itineraries from around the World, including Antarctica, Australia, New Zealand, The Orient, South Pacific and Northern Europe. It specialises in World cruise voyages with itineraries of 100 days or longer.

In 1987 Mary Jean Tully, Chairman and CEO of The Cruise Professionals, recognised an opportunity to exploit the niche cruise market in North America. The company has grown from an initial staff of three, to encompass 41 seasoned travel professionals. Mary Jean is a well respected figure in the travel industry and the business has received numerous awards identifying it as one of the best luxury travel agencies in the world. Awards include the number one Revenue Producing Agency Worldwide 2002-2008 by Crystal Cruises and Top Luxury Cruise Specialist for eight consecutive years (1999-2007) by Condé Nast Traveler.

Following acquisition Mary Jean will remain with the business in her current position as Chairman and CEO of The Cruise Professionals.

The Cruise Professionals is the largest provider of luxury cruises in the North American market and attracts a very high number of repeat and referral customers. It has built a reputation for being highly professional and delivering exactly what its discerning clientele are after. In 2007, 9.57 million Americans took a cruise holiday and based on a recent study by Cruise Lines

International Association (CLIA), 33.7 million Americans stated intent to cruise within the next three years. The cruise industry in the UK is also growing strongly, with 1.55 million people predicted to take a cruise in 2008, a 14% increase on the previous year.

Unaudited results for the business for the period to 30 April 2008 show a total transaction value of CAD 33.7 million (£16.9 million) which represents turnover of CAD 4.6 million (£2.3 million). After adjustment for overhead costs relating to the previous owner and other non recurring costs, which cease upon acquisition by Travelzest, the operating profit is CAD 1.9 million (£950,000). The business is estimated to have net assets of CAD 1.1 million (£550,000) on completion and is expected to be earnings enhancing.

The number of Ordinary Shares in issue following the placing and the issue of the vendor consideration shares will be 20,393,496. In addition, the company has 10,572,614 Exchangeable Shares in issue. The Exchangeable Shares are required to be exchanged on a one for one basis for Ordinary Shares before 16 October 2011.

* assuming translation rate of CAD \$2 to Sterling £1

Mary Jean Tully, Chairman and CEO of The Cruise Professionals, said:

“The Cruise Professionals has grown in size and reputation every year since inception and has an excellent reputation for providing unforgettable experiences for its customers. We believe that becoming part of Travelzest and working with Chris Mottershead and the team will help the business move beyond the North American market and capitalise on the growing global demand for luxury cruises.”

Commenting on the acquisition, Chris Mottershead, Travelzest’s Chief Executive, said:

“The reputation of Mary Jean and The Cruise Professionals business speaks for itself. The market for cruises is one of the fastest-growing in the travel industry and we are delighted to be able to bring such a strong cruise brand into the Group.

“This business will continue to build our presence in Canada, alongside itravel2000, our online travel agency, which has performed extremely well since acquisition in September 2006. We will also be working with Mary Jean and her team to develop The Cruise Professionals business beyond its home market, where considerable opportunity exists.”

Chris Lee, Head of Travel for Barclays Commercial Bank, said:

“Barclays is very pleased to be funding this exciting opportunity for Travelzest and to extend our existing facilities. The Cruise Professionals has already differentiated itself well in the market through its strong brand and slick online customer experience. This latest acquisition by Travelzest taps into the growing cruise industry and will add another specialised holiday experience to its wide ranging offering. The luxury travel sector continues to do well and Travelzest is well positioned within it.”

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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 fulfilment services and online travel sales. Holiday Express' retail business (acting as travel agent), provides package holidays, charter flights and ski booking services which 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.

www.fairsfare.com

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 luxury tailor-made holidays and tours to top exotic destinations, including Vietnam, Cambodia, Bali and Thailand. 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

The Malaysia Experience

The Malaysia Experience, operated by Faraway Holidays, was acquired by Travelzest in February 2008. This extends Faraway Holidays expertise and local knowledge to be able to offer individually tailored holidays to destinations across Malaysia.

www.malaysiaexperience.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 showcases the very best of Turkey, Cephalonia and Crete featuring many boutique hotels, apartments and villas.

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