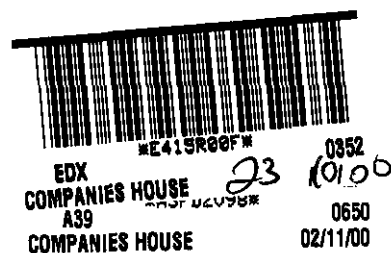


**FIRST CHOICE HOLIDAYS QUEST
LIMITED**

Directors' Report and Financial Statements

For the four months ended 31 October 1999



Company Number 3797605

FIRST CHOICE HOLIDAYS QUEST LIMITED

DIRECTORS' REPORT

for the four months ended 31 October 1999

FINANCIAL STATEMENTS

The Directors present their report and financial statements of First Choice Holidays Quest Limited for the four months ended 31 October 1999.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as a trustee for the Group's employee trust.

RESULTS AND DIVIDENDS

The current year is the first year of trading as the Company was incorporated on the 29th of June 1999. Profit before taxation for the period was £nil. The directors do not propose the payment of a dividend for the four months ended 31 October 1999.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company at the date of this report are:

C Armitage

J P Clarke

C D Howell

None of the Directors had any beneficial interest in the shares of the Company at any time during the period.

As at 31 October 1999, the interests of the Directors in the share capital of First Choice Holidays PLC, the ultimate parent Company, were as follows:

	-----Shares-----			-----Options-----			-----Restricted Shares---		
	31 October 1999	31 October 1998	31 October 1998	Rights issue entitlement	Granted	Exercised	31 October 1999	31 October 1999	31 October 1998
Ordinary Shares									
J P Clarke	1,500	-	-	-	-	-	-	26,481	-
C D Howell	9,673	505	9,168	-	-	9,168	-	-	-

C D Howell exercised an option in full for 9,168 shares at 75p on 7 October 1999.

FIRST CHOICE HOLIDAYS QUEST LIMITED

DIRECTORS' REPORT

for the four months ended 31 October 1999

	No. of shares	Option exercise price(p)	Date first exercisable
J P Clarke Restricted Share Plan	26,481	n/a	10 August 2002

For full details of the above schemes, reference should be made to the Annual Report & Accounts of First Choice Holidays PLC.

YEAR 2000

The Company established a programme, in association with other group companies, to meet the challenge posed by the Year 2000 issue. This established a dedicated team to identify the risks arising due to Year 2000 and to formulate a strategy and procedures to ensure that such risks are minimised or eliminated as appropriate.

AUDITORS

A resolution to re-appoint KPMG Audit Plc as auditors will be proposed at the forthcoming Annual General Meeting.

FIRST CHOICE HOLIDAYS QUEST LIMITED

DIRECTORS' REPORT

for the four months ended 31 October 1999

DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



J P Clarke

Director

13 October 2000

FIRST CHOICE HOLIDAYS QUEST LIMITED

AUDITOR'S REPORT TO THE MEMBERS OF FIRST CHOICE HOLIDAYS QUEST LIMITED for the four months ended 31 October 1999

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you, if in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 October 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

**KPMG Audit Plc
Chartered Accountants
Registered Auditor
London**

Dated: *13 October 2000*

FIRST CHOICE HOLIDAYS QUEST LIMITED

PROFIT AND LOSS ACCOUNT

for the four months ended 31 October 1999

The Company has no profit and loss account brought forward as it was incorporated during the year. There was no activity in the Company during the four months ended 31 October 1999, resulting in a profit and loss account carried forward of £nil.

FIRST CHOICE HOLIDAYS QUEST LIMITED

BALANCE SHEET

as at 31 October 1999

	Note	1999 £
Current assets		
Debtors	5	<u>2</u>
Called up share capital	6	<u>2</u>

The financial statements on pages 5 to 8 were approved by the Board on 13 October 2000 and signed by:



J P Clarke
Director

FIRST CHOICE HOLIDAYS QUEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the four months ended 31 October 1999**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards consistently applied.

Cash flow

The company is exempt under Financial Reporting Standard No.1 (Revised) from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of First Choice Holidays PLC. First Choice Holidays PLC includes the Company's cash flow in its own published consolidated financial statements.

Related Party Transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard No.8 "Related Party Disclosures" as it is a wholly owned subsidiary of First Choice Holidays PLC. Therefore, the company has not disclosed transactions or balances with entities which form part of the group headed by First Choice Holidays PLC.

2. EMPLOYEES

The company had no employees during the period.

3. DIRECTORS

The directors received no remuneration during the period.

4. AUDITORS

The auditor's remuneration was borne by a fellow subsidiary undertaking.

5. DEBTORS

Amount owed by fellow subsidiary undertaking

1999
£

2

FIRST CHOICE HOLIDAYS QUEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the four months ended 31 October 1999**

6. CALLED UP SHARE CAPITAL

	1999 £
Authorised	
1,000 ordinary shares of £1 each	<u><u>1,000</u></u>
Issued and fully paid	
2 ordinary shares of £1 each	<u><u>2</u></u>

7. COMPARATIVE FIGURES

No comparative figures are provided as this is the Company's first year of trading.

8. ULTIMATE PARENT COMPANY

First Choice Holidays PLC, a company registered in England and Wales is the ultimate parent company. First Choice Holidays PLC is the parent undertaking of the largest and smallest group of which First Choice Holidays Quest Limited is a member and for which group accounts are drawn up. Copies of these group accounts are available from the Company Secretary, First Choice Holidays PLC, First Choice House, London Road, Crawley, West Sussex, RH10 2GX.