

AVIS EUROPE INVESTMENT HOLDINGS LIMITED
REGISTERED NUMBER 3056683

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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AVIS EUROPE INVESTMENT HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2010

Principal Activities

The Company is an intermediate holding company of the Avis Europe plc group of companies

Review of the Business and Future Developments

The Company has continued to perform as expected throughout the year. The Directors expect the Company to continue to transact business as an intermediate holding company in the coming year.

Given the nature of the business, the Directors are of the opinion that analysis using key performance indicators is not required in order to understand the development, performance or position of the business.

Results and Dividends

The Company made a profit after taxation for the year of £206,000 (2009 £192,000). No interim dividend was paid during the year (2009 nil). The Directors do not recommend the payment of a final dividend (2009 nil).

Financial Risk Management Objectives and Policies

The Directors consider that there is limited exposure to financial risk, as the majority of the Company's financial exposure is to other companies in the Avis Europe plc group. As such the Directors have not implemented a policy for the Company. Instead, the Company's financial risk management objectives and policies are aligned to those of the Avis Europe plc group of companies, which are as disclosed in the consolidated financial statements of Avis Europe plc.

Payments to Creditors

It is the Company's practice to agree terms of payment at the start of business with each supplier, to ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations. The Company had no trade creditors at 31 December 2010 (2009 nil).

Directors

The Directors of the Company during the year and up to the date of signing the Financial Statements are set out below:

S B D Fillingham
P L Ford

AVIS EUROPE INVESTMENT HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing their report and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure of Information to Auditors

Each of the persons who is a Director at the date of approval of this report confirms that

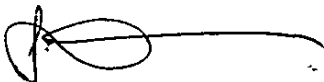
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

PricewaterhouseCoopers LLP will continue in office as permitted by Section 487 of the Companies Act 2006.

By Order of the Board



J A Nicholson
Company Secretary
13 June 2011

AVIS EUROPE INVESTMENT HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIS EUROPE INVESTMENT HOLDINGS LIMITED

We have audited the Financial Statements of Avis Europe Investment Holdings Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet 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 Statement of Directors' Responsibilities set out in the Directors' Report 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 and express an opinion on 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 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 Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- 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 Financial Statements are prepared is consistent with the 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.



Sam Taylor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

13 June 2011.

AVIS EUROPE INVESTMENT HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Interest receivable	4	229	209
Interest payable	4	(23)	(17)
Profit on ordinary activities before taxation		206	192
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	10	<u>206</u>	<u>192</u>

The profit and loss account for the Company is entirely in respect of continuing operations. There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical equivalents.

In both the current and the prior year, all recognised gains and losses are included in the profit and loss account and therefore a statement of total recognised gains and losses has not been presented.

The accompanying Notes on pages 6 to 9 form an integral part of these Financial Statements.

AVIS EUROPE INVESTMENT HOLDINGS LIMITED

BALANCE SHEET

as at 31 December 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Investments	6	189,067	189,067
Current assets			
Debtors Amounts owed by group undertakings	7	3,725	3,497
Creditors: amounts falling due within one year			
Amounts owed to group undertakings	8	(305)	(283)
Net current assets		3,420	3,214
Total assets less current liabilities being Net assets		<u>192,487</u>	<u>192,281</u>
Capital and reserves			
Called-up share capital	9	6,630	6,630
Share premium account	10	641,519	641,519
Profit and loss account deficit	10	(455,662)	(455,868)
Shareholder's funds - equity	11	<u>192,487</u>	<u>192,281</u>

The Financial Statements on pages 4 to 9 were approved by the Board on 13 June 2011 and were signed on its behalf by



P L Ford
Director
Avis Europe Investment Holdings Limited
Registered No 3056683

AVIS EUROPE INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

1. Statement of Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below

(a) Basis of Accounting

The Financial Statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006. The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to present group financial statements as it is a wholly owned subsidiary undertaking of Avis Europe plc which itself prepares consolidated financial statements

(b) Cash Flow Statement

The Company is included in the consolidated financial statements of Avis Europe plc, which are publicly available, and therefore has elected to utilise the exemption provided in FRS 1 (Revised 1996), Cash flow statements, and not produce a cash flow statement

(c) Investments

Investments are stated at cost unless in the opinion of the Directors there has been an impairment in the value of an investment, when an appropriate provision is made

(d) Dividends

Final dividends to the Company's shareholders are recognised as a liability in the Financial Statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid

2. Directors' emoluments and employees

The Directors received no emoluments in respect of their services to the Company during the year (2009 nil)

The average monthly number of Directors during the year was 2 (2009 2). There were no other employees during the year (2009 nil)

3. Auditors' remuneration

The auditors' remuneration is borne by Avis Management Services Limited, a fellow subsidiary undertaking

4. Interest receivable / (payable)

	2010 £000	2009 £000
Interest receivable on loans to group undertakings	229	209
Interest payable on loans from group undertakings	(23)	(17)
Net interest receivable	<u>206</u>	<u>192</u>

AVIS EUROPE INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

5. Tax on profit on ordinary activities

	2010 £000	2009 £000
(i) Analysis of charge in year		
Current tax	-	-
Tax on profit on ordinary activities	-	-

(ii) Factors affecting the current tax charge for the year

The current tax charge for the year is lower (2009 lower) than the standard rate of UK corporation tax (28% (2009 28%)) and is explained as follows

	2010 £000	2009 £000
Profit on ordinary activities before taxation	206	192
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	58	54
Group relief received for nil consideration	(58)	(54)
Current tax	-	-

The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax in the UK from 28% to 27%, with effect from 1 April 2011. As recently announced in the 2011 Budget, from 1 April 2011 the rate will now decrease to 26% with further reductions proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. The changes have not been substantially enacted at the balance sheet date and therefore are not recognised in these Financial Statements.

6. Investments

	Shares in subsidiary undertakings £000
<u>Cost</u>	
At 1 January 2010 and At 31 December 2010	648,000
<u>Provision for impairment</u>	
At 1 January 2010 and At 31 December 2010	458,933
<u>Net Book amount</u>	
At 31 December 2010	189,067
At 31 December 2009	189,067

The Company's principal investment, in which the Company holds 100% of the issued ordinary share capital, is Avis Europe Investments Limited, a company which is incorporated in England and Wales. Avis Europe Investments Limited is an intermediate holding company of the Avis Europe plc group of companies.

In accordance with the requirements of FRS 11, Impairments of fixed assets and goodwill, the Directors have undertaken an impairment review of the carrying value of its investments in subsidiary undertakings. No further provision has been recognised as at 31 December 2010 as a consequence of this review (2009 nil) based on a value in use calculation. Furthermore, no reversal of the provision for impairment is performed at 31 December 2010 given the sensitivity of the calculations to a number of key assumptions, and continued macro-economic uncertainties.

AVIS EUROPE INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

6. Investments (continued)

In determining the value in use, the Directors calculated the present value of the estimated future cash flows expected to arise based on management's latest five-year plans, with extrapolation thereafter. The calculated value in use is sensitive to a number of assumptions which are discussed in turn below. These potential changes in key assumptions fall well within historic variations experienced by the business and are therefore considered reasonably possible.

EBIT margin – The long-term EBIT margin is fixed by reference to management's estimated EBIT margin as at 2015. An increase/(decrease) in the long-term EBIT margin by 50 basis points in 2015 and beyond would result in an increase/(decrease) in the value in use of £56,000,000/£(56,000,000) and would have no impact on the impairment provision.

Discount rate – Future cash flows are discounted using a pre-tax discount rate of 7.9%. An increase/(decrease) in the discount rate of 50 basis points would result in a (decrease)/increase in the value in use of £(99,000,000)/£108,000,000 and would have no impact on the impairment provision.

Long-term growth rate – Cash flows beyond an initial five-year period are extrapolated using a long-term average nominal growth rate of 4.0% (2009 4.0%) comprising a real growth rate of 2.0% and inflationary rate of 2.0%. An increase/(decrease) in the nominal growth rate of 1.0%/(1.0%) to 5.0%/3.0% would result in an increase/(decrease) in the value in use of £65,000,000/£(58,000,000) and would have no impact on the impairment provision.

Exchange rate – The value in use calculation is performed in euros in line with the majority of the cash flows of the Company's subsidiaries. The resultant euro valuation is translated into sterling at the closing exchange rate. The main forecasted non-euro cash flows are denominated in sterling and are converted to euro based on a long-term euro/sterling exchange rate expected to be in place at the time of the forecast transaction. Most sterling cash flows are forecast to be converted into euro at a forecast exchange rate of £1 €1.18. An increase/(decrease) in the euro/sterling exchange rate by one euro cent would result in a (decrease)/increase in the value in use of £(11,000,000)/£11,000,000 arising upon the translation of sterling cash flows and would have no impact on the impairment provision. This analysis excludes any trading impacts which may arise from changes in exchange rates.

In the opinion of the Directors, the value of the Company's investment is not less than the amount at which the investment is now stated in the balance sheet.

7. Debtors: amounts owed by group undertakings

Amounts owed by group undertakings are unsecured, carry an interest rate of 6.8% (2009 6.25%) and are payable on demand.

8. Creditors: amounts falling due within one year

Amounts owed to group undertakings are unsecured, carry an interest rate of 6.8% (2009 6.25%) and are payable on demand.

9. Called-up share capital

	2009 and 2010 £000
Authorised share capital	
663,824,289 Ordinary Shares of 1p each	<u>6,638</u>
Allotted, issued and fully paid up share capital	
663,055,000 Ordinary Shares of 1p each	<u>6,630</u>

AVIS EUROPE INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2010

10. Reserves

	At 1 January 2010 £000	Profit for the financial year £000	At 31 December 2010 £000
Profit and loss account deficit	(455,868)	206	(455,662)
Share premium account	641,519	-	641,519
Total reserves	185,651	206	185,857

11. Reconciliation of movements in shareholder's funds

	2010 £000	2009 £000
Profit for the financial year	206	192
At 1 January	192,281	192,089
At 31 December	192,487	192,281

12. Commitments and contingencies

The Company has entered into a cross-guarantee arrangement with its bankers, under which the Company's funds may be used to offset the liabilities of the other group undertakings. As at 31 December 2010, the liabilities of the relevant other group undertakings amounted, in aggregate, to £11,000 (2009 £1,769,000)

The Directors are of the opinion that these arrangements will not have a material impact on the results and financial position of the Company

13. Ultimate parent undertaking

The Company is a subsidiary undertaking of Avis Europe plc, which is registered in England and Wales. Avis Europe plc is the smallest parent undertaking to consolidate the Financial Statements of the Company. The largest parent undertaking to consolidate the Financial Statements of the Company is s a D'Ieteren n v, which is incorporated in Belgium. The financial statements of both companies can be obtained from Avis House, Park Road, Bracknell, Berkshire RG12 2EW. The ultimate controlling party of s a D'Ieteren n v is the D'Ieteren family

14. Related party transactions

The Company has taken advantage of the exemption within FRS8, Related Party Transactions, for wholly owned subsidiary undertakings not to disclose transactions with other entities within the same group. The consolidated financial statements for Avis Europe plc in which the Company is included are publicly available at the address given above