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AVIS EUROPE OVERSEAS LIMITED
REGISTERED NUMBER 3250169

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

AVIS EUROPE OVERSEAS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2012

Principal Activities

The Company is an intermediate holding company of the Avis Budget Group, Inc 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 loss after taxation for the year of £145,144,000 (2011 £8,110,000). No interim dividend was paid during the year (2011 nil). The Directors do not recommend the payment of a final dividend (2011 nil).

Going concern

The Directors expect the Company to continue to transact business as an intermediate holding company in the coming year. Thus they continue to adopt the going concern basis in preparing the Financial Statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in Note 1 of the Financial Statements.

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 Budget EMEA Limited 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 Budget EMEA Limited group of companies, which are as disclosed in the consolidated financial statements of the Company's ultimate holding company, Avis Budget Group, Inc.

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 2012 (2011 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 (resigned 12 April 2013)
P L Ford (resigned 23 May 2012)
R Sachdeva (appointed 23 May 2012)
J Spiers (appointed 17 June 2013)
J Turner (appointed 12 April 2013)

AVIS EUROPE OVERSEAS 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 Auditor

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 auditor is 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 auditor is 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.

Auditor

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

By Order of the Board



R Sachdeva
Director
25 September 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS EUROPE OVERSEAS LIMITED

We have audited the Financial Statements of Avis Europe Overseas Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related Notes on pages 6 to 11. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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.

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. In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its loss 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.

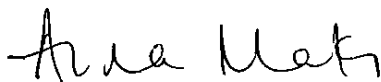
Opinion on other matter prescribed by the Companies Act 2006

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.



A Marks (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading
26 September 2013

AVIS EUROPE OVERSEAS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Other operating expenses		(138,870)	-
Operating loss	4	(138,870)	-
Interest receivable and similar income	5	442	-
Interest payable and similar charges	5	(6,716)	(8,110)
Loss on ordinary activities before taxation		(145,144)	(8,110)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	11	(145,144)	(8,110)

The profit and loss account for the Company is entirely in respect of continuing operations. There is no difference between the loss on ordinary activities before taxation and the loss 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 recognised gains and losses has not been presented.

The accompanying Notes on pages 6 to 11 form an integral part of these Financial Statements.

AVIS EUROPE OVERSEAS LIMITED

BALANCE SHEET

as at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Investments	7	82,439	158,250
Current assets			
Debtors Amounts owed by group undertakings	8	27,582	-
Creditors: Amounts falling due within one year			
Amounts owed to group undertakings	9	(161,374)	(134,459)
Net current liabilities		(133,792)	(134,459)
Total assets less current liabilities being Net (liabilities) / assets		(51,353)	23,791
Capital and reserves			
Called-up share capital	10	120,469	50,469
Share premium account	11	44,497	44,497
Profit and loss account deficit	11	(216,319)	(71,175)
Shareholders' funds - equity	12	(51,353)	23,791

The Financial Statements on pages 4 to 11 were approved by the Board on 25 September 2013 and were signed on its behalf by



R Sachdeva
Director
Avis Europe Overseas Limited
Registered No 3250169

AVIS EUROPE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

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 401 of the Companies Act 2006 from the requirement to present group financial statements as it is a wholly owned subsidiary undertaking of Avis Europe Holdings Limited which is part of the group of companies owned by Avis Budget Group, Inc, a company incorporated in the United States of America, which itself prepares consolidated financial statements

(b) Cash Flow Statement

The Company is included in the consolidated financial statements of Avis Budget Group, Inc, 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 less provision for any impairment where the recoverable amount is less than cost. The carrying values of investments are reviewed if events or changes in circumstances indicate the carrying value may not be recoverable, or that previously recognised impairments are no longer applicable. Any impairment of investments, or reversal of previously recognised impairment, are charged/(credited) to the profit and loss account in the year in which it arises

(d) Foreign Currency

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the year end. Transactions during the year are recorded at rates of exchange in effect when the transaction occurs. Profits and losses on exchange are recorded in the profit and loss account in the period in which they arise

(e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19, Deferred tax. A deferred tax asset is only recognised when there are expected to be suitable future taxable profits within the tax group against which to reverse the underlying timing differences

(f) 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

(g) Going Concern

The Company's parent company has confirmed its intention to support the Company so as to ensure it meets its liabilities as they fall due for at least 12 months after the date of approval of these Financial Statements. Thus they continue to adopt the going concern basis in preparing the Financial Statements

AVIS EUROPE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2012

2. Directors' emoluments and employees

The Directors received no emoluments in respect of their services to the Company during the year (2011 nil)

The average monthly number of Directors during the year was 2 (2011 2) There were no other employees during the year (2011 nil)

3. Auditor's remuneration

The auditor's remuneration is borne by Avis Budget Services Limited, a fellow subsidiary undertaking The fee payable to the Company's auditor for the audit of the Company's Financial Statements for the year ended 31 December 2012 was £1,000 (2011 £1,000)

4 Operating loss

	2012 £000	2011 £000
Operating loss is stated after charging		
Provision against investment in subsidiary undertakings (see Note 7)	138,870	-

5. Interest receivable / (payable)

	2012 £000	2011 £000
Interest receivable on loans to group undertakings	442	-
Interest payable on loans from group undertakings	(6,716)	(8,110)
	(6,274)	(8,110)

6. Tax on loss on ordinary activities

	2012 £000	2011 £000
i) Analysis of charge in year		
Current tax	-	-
Tax on loss on ordinary activities	-	-

ii) Factors affecting the current tax charge for the year

The current tax charge for the year is higher (2011 higher) than the standard rate of United Kingdom corporation tax (24.5%) (2011 26.5%) and is explained as follows

	2012 £000	2011 £000
Loss on ordinary activities before taxation	(145,144)	(8,110)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(35,560)	(2,149)
Group relief surrendered for nil consideration	1,537	2,149
Expenses not deductible	34,023	-
Current tax	-	-

AVIS EUROPE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2012

6. Tax on loss on ordinary activities (continued)

The Finance Act 2012 included legislation to reduce the main rate of corporation tax in the UK from 26% to 24%, with effect from 1 April 2012 and from 24% to 23%, with effect from 1 April 2013

7. Investments

	Shares in subsidiary undertakings £000
<u>Cost</u>	
At 1 January 2012	211,570
Additions	63,059
At 31 December 2012	<u>274,629</u>
<u>Provision for impairment</u>	
At 1 January 2012	53,320
Current year provision	138,870
At 31 December 2012	<u>192,190</u>
<u>Net book value</u>	
At 31 December 2012	<u>82,439</u>
At 31 December 2011	<u>158,250</u>

Details of the Company's principal investments are given below

Principal Undertakings	Country of Incorporation	Activity	% of the Ordinary Share Capital owned
Avis Alquile un Coche SA	Spain	Vehicle Rental	100 0
Avis Location de Voitures SAS	France	Vehicle Rental	100 0
Avis Autovermietung Beteiligungs GmbH	Germany	Vehicle Rental	75 0
Avis Autoverhuur BV	Netherlands	Vehicle Rental	1 5
Avis Budget UK Limited	England and Wales	Vehicle Rental	100 0

The remaining 98.5% and 25% of the issued share capital of Avis Autoverhuur BV and Avis Autovermietung Beteiligungs GmbH respectively are held by fellow subsidiary undertakings of Avis Budget EMEA Limited group of companies. All of the investments are direct investments.

During the year, the Company subscribed for an additional 45,000,000 Ordinary £1 shares in Avis Budget UK Limited for cash consideration of £45,000,000. In addition, the Company subscribed for an additional 1,000 Ordinary shares of €60.10 each in Avis Alquile un Coche SA for cash consideration of £18,059,000. Each entity remains a wholly owned subsidiary undertaking of the Avis Europe Holdings Limited group of companies.

In accordance with the requirements of FRS 11, Impairment of Fixed Assets and Goodwill, the Directors have undertaken an impairment review of the carrying value of its investments in subsidiary undertakings. A provision of £138,870,000 has been recognised in respect of Avis Budget UK Limited, Avis Alquile un Coche SA and Avis Location de Voitures SAS as a consequence of this review as at 31 December 2012 (2011: £nil).

The impairment review was to ensure that the carrying value of the investments are stated at no more than their recoverable amount, being the higher of net realisable value and value in use.

AVIS EUROPE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2012

7. 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 detailed three-year plans, with extrapolation thereafter. The calculated value in use is sensitive to a number of assumptions which are discussed in turn below.

EBIT margin – The long-term EBIT margin is fixed by reference to management's estimated EBIT margin as at 2015.

Discount rate – Future cash flows are discounted using a post-tax discount rate of 11%.

Long-term growth rate – Cash flows beyond an initial three-year period are extrapolated using long-term average nominal growth rates.

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 1.26.

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

8. Debtors: amounts owed by group undertakings

The maximum credit risk exposure is the carrying amount of the amounts owed by fellow subsidiaries. No allowance for bad debts has been made as all amounts owed by fellow subsidiaries are expected to be fully recoverable.

Inter-company loans are fixed rate with a weighted average cost for amounts owed by fellow subsidiaries at 31 December 2012 of 6.65% (2011: 6.25%). There were no floating rate inter-company loans.

9. Creditors: amounts falling due within one year

Amounts due to group undertakings are unsecured, carry an interest rate of 6.65% (2011: 6.25%) and are payable on demand.

10. Called-up share capital

	2012 £000	2011 £000
Allotted, issued and fully paid share capital 120,469,327 (2011: 50,469,327) Ordinary Shares of £1 each	120,469	50,469

On 26 September 2012, 70,000,000 Ordinary £1 shares were issued to Avis Europe Holdings Limited for cash consideration of £70,000,000.

AVIS EUROPE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

11. Reserves

	At 1 January 2012 £000	Amount deducted from reserves £000	At 31 December 2012 £000
Distributable reserves	(17,855)	(6,274)	(24,129)
Provisions against investments in subsidiary entities	(53,320)	(138,870)	(192,190)
Total profit and loss deficit	(71,175)	(145,144)	(216,319)
Share premium account	44,497	-	44,497
Total reserves	(26,678)	(145,144)	(171,822)

The Directors review the carrying value of the Company's investments on an annual basis and revalued certain of the Company's investments as at 31 December 2012 to their recoverable amount based upon their value in use. The Directors have considered the value of the remaining fixed assets as at 31 December 2012 without actually revaluing those assets. The Directors are satisfied that the aggregate value of those assets whose value they have considered was not less than the aggregate amount at which those assets are stated in the Company's Financial Statements.

In accordance with Sections 841-842 of the Companies Act 2006, the provision made in respect of the revaluation of the Company's investments in Avis Location de Voitures SAS, Avis Autoverhuur BV, Avis Alquile un Coche SA and Avis Budget UK Limited does not fall to be classified as a realised loss and therefore the distributable reserves of the Company are £(24,129,000) (2011 £(17,855,000)).

12. Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Loss for the financial year	(145,144)	(8,110)
Proceeds from issue of ordinary share capital (see Note 10)	70,000	-
Net decrease in equity shareholders' funds	(75,144)	(8,110)
At 1 January	23,791	31,901
At 31 December	(51,353)	23,791

13. Commitments and contingencies

At 31 December 2012 and 31 December 2011, the Company had no financial commitments and no contingent liabilities.

14. Ultimate parent undertaking

The Company is a subsidiary undertaking of Avis Europe Holdings Limited which is part of the group of companies owned by Avis Budget EMEA Limited. Both these parent undertakings are registered in England and Wales. The smallest and largest parent undertaking to consolidate the Financial Statements of the Company is Avis Budget Group, Inc, which is incorporated in the United States of America and registered on NASDAQ. The financial statements of Avis Budget Group, Inc are publicly available at www.avisbudgetgroup.com.

AVIS EUROPE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

15. 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 Budget Group, Inc, in which the Company is included, are publicly available at www.avisbudgetgroup.com