

AVIS EUROPE INVESTMENTS LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

REGISTERED NUMBER: 3250132



AVIS EUROPE INVESTMENTS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2000.

Principal Activities

The Company is an intermediate holding company of the Avis Europe plc Group.

Review of the Business

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

Results and Dividends

The Company made a profit after tax in the year of £55,985,000 (year ended 31 December 1999: £41,012,000). An interim dividend of £68,615,000 was paid during the year (year ended 31 December 1999: £37,068,000). The Directors do not recommend the payment of a final dividend (year ended 31 December 1999: Nil). The loss retained by the Company has been deducted from reserves.

Payments to Creditors

It is the Company's practice to agree terms of payment at the start of business with each supplier, 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 2000.

Directors and their Interests

The Directors of the Company during the year are set out below:

C I Cowan
M McCafferty

None of the Directors had any beneficial interests in the shares of the Company or in any material contracts with the Company.

C I Cowan and M McCafferty are also Directors of Avis Europe plc. Their interests in the share capital of Avis Europe plc are disclosed in the statutory accounts of that company.

AVIS EUROPE INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial period.

The Directors consider that in preparing the Financial Statements on pages 4 to 9 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the Financial Statements comply with the Companies Act 1985.

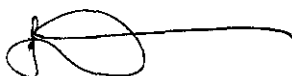
The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Auditors

PricewaterhouseCoopers continue in office as Auditor since the Company has elected to dispense with the annual reappointment of auditors as permitted by Section 386 of the Companies Act 1985.

By Order of the Board



J A Nicholson
Company Secretary
3 July 2001

AVIS EUROPE INVESTMENTS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF AVIS EUROPE INVESTMENTS LIMITED

We have audited the Financial Statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

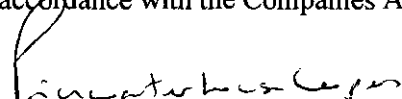
Basis of Audit Opinion

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 at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors.
London
3 July 2001

AVIS EUROPE INVESTMENTS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

		Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
	Notes		
Income from Shares in Subsidiary Undertakings		71,148	41,012
Interest Payable		(21,661)	-
Profit on Ordinary Activities Before Taxation		<u>49,487</u>	<u>41,012</u>
Taxation	4	6,498	-
Profit for the Financial Year		<u>55,985</u>	<u>41,012</u>
Dividends Paid	5	(68,615)	(37,068)
(Loss Deducted From) / Profit Transferred To Reserves	9	<u>(12,630)</u>	<u>3,944</u>

The Profit and Loss Account for the Company is entirely in respect of continuing operations.

All recognised gains and losses are included in the Profit and Loss Account.

The notes on pages 6 to 9 form part of these financial statements.

AVIS EUROPE INVESTMENTS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2000

		31 December 2000 £000	31 December 1999 £000
	Notes		
Fixed Assets			
Investments	6	1,001,871	648,000
Current Assets			
Debtors	7	85,079	76,048
		<u>85,079</u>	<u>76,048</u>
Creditors: Amounts Falling Due within One Year			
Amounts Owed to Fellow Subsidiary Undertakings		(379,277)	(3,745)
		<u>(379,277)</u>	<u>(3,745)</u>
Net Current (Liabilities) / Assets		(294,198)	72,303
Total Assets Less Current Liabilities being Net Assets		<u>707,673</u>	<u>720,303</u>
Capital and Reserves			
Called-up Share Capital	8	2,800	2,800
Share Premium Account	9	645,200	645,200
Profit and Loss Account	9	59,673	72,303
Shareholder's Funds - Equity	10	<u>707,673</u>	<u>720,303</u>

The notes on pages 6 to 10 form part of these financial statements.

Approved by the Board on 3 July 2001



C I Cowan

Director

AVIS EUROPE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

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

(a) Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The Company has not presented group accounts as it is a wholly owned subsidiary undertaking of Avis Europe plc which prepares consolidated accounts.

(b) Cash Flow Statement

The Company, which is a wholly owned subsidiary, has elected to utilise the exemption provided in Financial Reporting Standard 1 and not produce a cash flow statement.

(c) Investments

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

(d) Foreign Currency

Foreign currency assets and liabilities 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 dealt with in the Profit and Loss Account.

(e) Deferred Taxation

Deferred taxation in respect of timing differences between profits as computed for tax purposes and profits as stated in the Financial Statements is provided, on the liability method, only to the extent that there is a reasonable probability that such deferred tax will be payable in the foreseeable future.

(f) Dividends

Dividends are shown in the profit and loss account in the year in which they are declared.

AVIS EUROPE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Directors' Emoluments and Employees

The Directors received no emoluments in respect of their services to the Company during the year (year ended 31 December 1999: Nil).

The average number of Directors during the year was 2 (year ended 31 December 1999: 2). There were no other employees during the year (year ended 31 December 1999: Nil).

3. Auditors' Remuneration

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

4. Taxation

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Corporation tax at 30%	<u>6,498</u>	<u>-</u>

5. Dividends

	31 December 2000 £000	31 December 1999 £000
Dividend per ordinary share		
Interim dividend of £24.51 (1999: £13.24)	68,615	37,068
	<u>68,615</u>	<u>37,068</u>

6. Investments

	Shares in Subsidiary Undertakings £000
At 1 January 2000	648,000
Additions	353,871
At 31 December 2000	<u>1,001,871</u>

On 14 February 2000, the Company received the Bearer Convertible Unsecured Subordinated Loan Stock 2001 of Cilva Holdings Limited from Avis Europe Holdings Ltd. This loan stock was then converted into 340,334,072 "B" Fixed Rate Cumulative Redeemable Preference Shares of £1 each.

AVIS EUROPE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Investments (continued)

The Company owns 100% of the ordinary and preference share capital of Cilva Holdings Limited and 100% of the preference share capital of Avis Europe Holdings Limited. Both companies are investment companies incorporated in the U.K.

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

7. Debtors

	31 December 2000 £000	31 December 1999 £000
Amounts owed by fellow subsidiary undertakings	78,581	76,048
Corporation tax	6,498	-
	<u>85,079</u>	<u>76,048</u>

8. Called-up Share Capital

	31 December 2000 and 1999 £000
Authorised share capital:	
5,000,000 Ordinary Shares of £1 each	<u>5,000</u>
Allotted and issued share capital:	
2,800,002 Ordinary Shares of £1 each	<u>2,800</u>

9. Statement of Movements on Reserves

	Share Premium Account £000	Profit and Loss Account £000	Total £000
At 1 January 2000	645,200	72,303	717,503
Loss deducted from reserves	-	(12,630)	(12,630)
At 31 December 2000	<u>645,200</u>	<u>59,673</u>	<u>704,873</u>

AVIS EUROPE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Reconciliation of Movement in Shareholders' Funds

	Year ended 31 December 2000 <u>£000</u>	Year ended 31 December 1999 <u>£000</u>
Profit for the financial year	55,985	41,012
Dividends payable	(68,615)	(37,068)
Net (decrease) / increase in shareholder's funds	<u>(12,630)</u>	<u>3,944</u>
Opening equity shareholder's funds	<u>720,303</u>	<u>716,359</u>
Closing equity shareholder's funds	<u>707,673</u>	<u>720,303</u>

11. Commitments and Contingencies

The Company has entered into a netting arrangement with its bankers, under which the Company's funds may be used to offset the liabilities of the other Group undertakings.

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

12. Ultimate Parent Undertaking

The Company is a subsidiary undertaking of Avis Europe Investment Holdings Limited, which is part of the Group owned by Avis Europe plc. Both these parent undertakings are 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. The financial statements of both companies can be obtained from Avis House, Park Road, Bracknell, Berkshire. The ultimate controlling party of s.a. D'Ieteren n.v, which is incorporated in Belgium, is the D'Ieteren family.

13. Related Party Transactions

The Company has taken advantage of the exemption within FRS 8: 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.