

Company Number : 3311438

AVIS EUROPE plc

Accounts for the year ended

31 December 1999



## Directors' Report

The Directors present their report and the audited Financial Statements of the Company and the Group for the year ended 31 December 1999.

### Principal Activities

The Avis Europe plc Group ("the Group") is principally engaged in the supply of vehicle rental services throughout Europe, Africa, the Middle East and Asia. Details of the Group's activities and performance are set out in the Chairman's Statement on page 4 together with the Operating and Financial Review on pages 5 to 15.

The principal subsidiary undertakings are listed on page 58.

### Results and Dividends

The audited accounts for the year ended 31 December 1999 are set out on pages 29 to 56. The Group's profit for the year and amounts transferred to reserves are set out in the Profit and Loss Account on page 29.

The Directors are proposing a final dividend of 3.6 pence per ordinary share which, together with the interim dividend of 1.8 pence per ordinary share paid on 21 October 1999 makes a total of 5.4 pence per share for the year. Subject to shareholders' approval, the final dividend will be paid on 9 May 2000 to shareholders appearing on the share register at close of business on 10 March 2000.

### Directors

The Directors of the Company who served during the year are listed below:

Alun Cathcart

Daniel Cardon de Lichtbuer

Christopher I Cowan

Roland D'leteren

Craig Hoenshell (resigned 23 July 1999)

Stephen P Holmes

David Maloney (resigned 31 March 1999)

Gilbert van Marcke de Lummen

Mark McCafferty

Sir Bob Reid

Sir Peter Reynolds

Jacques de Smet

Wally Taylor

Mark McCafferty, Sir Bob Reid, Jacques de Smet and Wally Taylor retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In addition, a resolution will be proposed to reappoint Sir Peter Reynolds, who attained the age of 70 on 10 September 1999, as a Director.

### Directors' Interests

Details of Directors' interests in the share capital of the Company are set out in the Remuneration Report on pages 22 to 25.

Roland D'leteren is a Director and shareholder of s.a. D'leteren n.v. which holds 63,609,360 ordinary shares of 1p each in the capital of the Company. Roland D'leteren, Gilbert van Marcke de Lummen and Jacques de Smet are directors of D'leteren Invest s.a., a wholly owned subsidiary of s.a. D'leteren n.v. which holds 267,506,385 ordinary shares of 1p each in the capital of the Company. Details of significant contracts entered into with s.a. D'leteren n.v. are disclosed below.

Except as stated above, none of the Directors had any interests in the shares of the Company or in any material contract or arrangement with the Company or any of its subsidiary undertakings.

### Charitable and Political Donations

During the year ended 31 December 1999 the Group made charitable donations totalling £3,801 (ten months ended 31 December 1998: £13,048). The Group made no political donations during the year (ten months ended 31 December 1998: £nil).

### Payments to Creditors

Given the number of countries in which the Group operates, there is no standard creditor payment policy within the Group. It is the Group's practice to agree the 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 1999.

### Share Capital

The last Annual General Meeting authorised the Company to purchase up to 58,261,096 of its own ordinary shares. This authority will expire at the next Annual General Meeting. The Company has made no purchase of its own shares pursuant to this authority. Details of the share capital of the Company are set out in Note 17 to the Financial Statements.

## Directors' Report

### Substantial Shareholdings

At 23 February 2000 the Company had been advised of the following notifiable interests in its issued ordinary share capital:

	% of issued share capital
D'leteren Invest s.a.	46.00
s.a. D'leteren n.v.	10.90
Fidelity International Limited	3.12
Royal & Sun Alliance Investment Management Limited	3.05

An Agreement governing the relationship between s.a. D'leteren n.v. and the Company was entered into in connection with the Company's listing in 1997. It includes restrictions on s.a. D'leteren n.v.'s power to appoint Directors and obligations on those Directors to ensure that the majority of the Board is independent of s.a. D'leteren n.v. It also provides that all transactions between the Company and s.a. D'leteren n.v. will be on an arm's length basis.

The Agreement also contains certain anti-dilution rights for s.a. D'leteren n.v. provided that the D'leteren Group owns more than 30% of the issued ordinary share capital of the Company.

During the period, 2% of the Group's vehicle purchases were acquired from subsidiaries of s.a. D'leteren n.v. Also, the Group entered into interest rate swap contracts with a subsidiary of s.a. D'leteren n.v., on which the interest expense incurred during the period represented 3% of the total interest payable by the Group. All transactions with subsidiaries of s.a. D'leteren n.v. during the period were undertaken on an arm's length and normal commercial basis in accordance with the above independence requirements.

### Share Schemes

The Company operates an Inland Revenue approved share option scheme (United Kingdom) and three unapproved share option schemes (United Kingdom, France and overseas). Details of the options granted under the schemes are set out in Note 17 to the Financial Statements.

The Company has two profit sharing schemes, the Avis Europe plc Approved Profit Sharing Scheme for UK employees and the Avis Europe plc International Profit Sharing Scheme for overseas employees. During the year ended 31 December 1999, funds of £1,258,500 in total were paid to the trustees of the profit sharing schemes for the purchase of shares.

### Employment Policies and Practices

The Group aims to ensure an organisation structure and working climate in which both the business and employees grow and develop.

The employment policies of the Group embody the principles of diversity and are tailored to meet the local needs of individual countries.

The Company operates non-discriminatory policies and practices in relation to recruitment, development, compensation and advancement opportunities with regard to gender, religion, race, marital status, age and non-job-related disabilities. Avis requires the highest standards of honesty, integrity and fairness in dealings from all employees.

The Group's approach to employee involvement and development is an integral part of Avis Europe's published beliefs and values statements which state:

"We aim to stimulate duty, mutual loyalty and a sense of pride in working for Avis through employee involvement at all levels, continuous updating of knowledge and skills and attractive and competitive recognition and reward systems. We believe that employees should be actively encouraged to grow and develop their careers with Avis and we always seek first to appoint candidates from within the Company to fill positions at every level – both nationally and internationally. To this end, we will provide the environment to help employees improve and develop themselves."

Evidence of implementation of these philosophies during the period ended 31 December 1999 include:

- 1) Results from the 1999 pan-European employee satisfaction survey in which over 2,400 employees participated. The Group exceeded its employee satisfaction target in six categories: job satisfaction, attitude to service, teamwork, employees' view of Avis, management behaviour and empowerment. Employee pride in working for Avis increased from 73.2% to 77.5%.
- 2) Continued development of corporate intranet capabilities which, together with electronic mail, in-house publications, newsletters and visible management programmes, ensure employees are kept abreast of current activities and progress. Annual and interim results presentations are videotaped for internal distribution.

3) Establishment of an Avis Europe Employee Council. Representatives of employees and management meet twice a year for an exchange of views and dialogue on subjects of transnational interest. A joint communique of the meeting discussions is distributed to all employees.

4) Awards made under the Group's Spirit of Avis recognition and reward programme, in which all employees have equal opportunity to participate. Over 1,800 employees have received recognition awards, and over 30% of the 800 ideas submitted by employees have been implemented.

The Group believes its employment practices encourage employee involvement, continuity and business performance. Approximately 50% of the Group's employees have more than five years' service with Avis Europe and approximately 75% of the 60 most senior executives throughout Europe have been promoted from within the Group.

## Statement of Directors' Responsibilities

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

The Directors consider that in preparing the Financial Statements on pages 29 to 56, 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

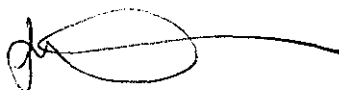
### Corporate Governance

Details of the Company's arrangements relating to corporate governance are set out on pages 22 to 25 and 26 to 28.

### Auditors

A resolution will be proposed at the Annual General Meeting to reappoint PricewaterhouseCoopers and to authorise the Directors to fix their remuneration.

By Order of the Board



**Judith Nicholson** Company Secretary  
23 February 2000

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 Group 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.

## Report of the Auditors to the Members of Avis Europe plc

For the year ended 31 December 1999

We have audited the Financial Statements on pages 29 to 56, including the additional disclosures on pages 22 to 25 relating to the remuneration of the Directors specified for our review by the London Stock Exchange, and the accounting policies set out on pages 36 and 37.

### Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 21, 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, the Listing Rules of the London Stock Exchange 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 inconsistent 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 or the Listing Rules 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.

We review whether the statement on pages 26 to 28 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the London Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

### 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 affairs of the Company and the Group at 31 December 1999 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London  
23 February 2000

## Consolidated Profit and Loss Account

for the year ended 31 December 1999

		euro'000		
	Notes	Year ended 31 December 1999	Year ended 31 December 1998*	Ten months ended 31 December 1998*
<b>Revenue</b>	1	1,011,192	853,893	748,618
Cost of sales		(463,274)	(364,113)	(324,924)
<b>Gross profit</b>		547,918	489,780	423,694
Administrative expenses		(330,039)	(300,690)	(253,883)
<b>Operating profit</b>	2	217,879	189,090	169,811
Share of operating profit from associated undertakings		796	654	612
Interest receivable		2,814	2,406	1,899
Interest payable	3	(52,558)	(45,968)	(38,980)
<b>Profit on ordinary activities before taxation</b>		168,931	146,182	133,342
Taxation	6	(42,181)	(36,547)	(33,336)
<b>Profit on ordinary activities after taxation</b>		126,750	109,635	100,006
Minority interests – equity		(120)	(113)	(98)
<b>Profit for the period</b>		126,630	109,522	99,908
Dividends	7	(48,858)		(37,856)
<b>Retained profit for the period</b>	18	77,772		62,052
<b>Earnings per share</b>				
Basic	8	euro 0.217	euro 0.188	euro 0.172
Diluted	8	euro 0.216	euro 0.187	euro 0.171

## Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 1999

	euro'000		
	Year ended 31 December 1999	Year ended 31 December 1998*	Ten months ended 31 December 1998*
Profit for the period	126,630	109,522	99,908
Exchange adjustments	4,961	(3,702)	(3,584)
<b>Total recognised gains and losses</b>	<b>131,591</b>	<b>105,820</b>	<b>96,324</b>

\*The ECU results for the year ended 31 December 1998 and ten month period ended 31 December 1998 have been restated in euros.

The conversion rate used was 1 ECU : 1 euro. The figures for the ten month period ended 31 December 1998 represent the Group's statutory comparative numbers.

# Consolidated Balance Sheet

at 31 December 1999

		euro'000	
	Notes	At 31 December 1999	At 31 December 1998*
<b>Intangible assets</b>			
Goodwill	9	65,774	52,670
<b>Fixed assets</b>			
Tangible assets – vehicles	10	1,100,322	904,431
Tangible assets – others	10	52,684	42,397
Investments	11	1,183	1,015
		1,154,189	947,843
<b>Current assets</b>			
Debtors	12	463,450	352,060
Investments		5,495	4,191
Cash at bank		43,944	36,200
		512,889	392,451
<b>Creditors falling due within one year</b>			
Bank and other loans	13	(338,614)	(387,129)
Other creditors	14	(941,615)	(746,580)
		(1,280,229)	(1,133,709)
<b>Net current liabilities</b>		(767,340)	(741,258)
<b>Total assets less current liabilities</b>		452,623	259,255
<b>Creditors falling due after more than one year</b>			
Bank and other loans	13	(336,995)	(247,662)
Other creditors	14	(60,648)	(60,100)
		(397,643)	(307,762)
<b>Provisions for liabilities and charges</b>	16	(67,674)	(48,160)
		(12,694)	(96,667)
<b>Capital and reserves</b>			
Called-up share capital	17	8,040	8,030
Share premium	18	869,149	867,891
Profit and loss account	18	(890,259)	(972,992)
<b>Total shareholders' funds – equity</b>	19	(13,070)	(97,071)
<b>Minority interests – equity</b>		376	404
		(12,694)	(96,667)

\*The ECU results for the year ended 31 December 1998 have been restated in euros. The conversion rate used was 1 ECU : 1 euro.

Approved by the Board on 23 February 2000.



C I Cowan Group Finance Director



M McCafferty Chief Executive

# Consolidated Cash Flow Statement

for the year ended 31 December 1999

		euro'000		
	Notes	Year ended 31 December 1999	Year ended 31 December 1998*	Ten months ended 31 December 1998*
<b>Net cash inflow from operating activities</b>	23(i)	385,955	368,956	244,126
<b>Dividends received from associated undertakings</b>		327	329	315
<b>Returns on investments and servicing of finance</b>				
Interest received		2,814	2,406	1,899
Interest paid		(39,702)	(38,005)	(26,900)
Interest element of finance lease rental payments		(13,963)	(8,201)	(7,315)
		(50,851)	(43,800)	(32,316)
<b>Taxation</b>				
Advance corporation tax recovered		-	-	2,710
Overseas tax paid		(30,458)	(14,792)	(13,658)
		(30,458)	(14,792)	(10,948)
<b>Capital expenditure</b>				
Purchase of tangible fixed assets		(1,325,697)	(1,590,030)	(1,383,741)
Sale of tangible fixed assets		1,776,353	1,653,705	1,398,986
		450,656	63,675	15,245
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertakings	23(iv)	(12,209)	(21,046)	(21,046)
Cash balances acquired with subsidiary undertakings		280	88	88
Expenses paid in connection with purchase of subsidiary undertakings		(845)	(708)	(708)
Purchase of licensees		-	(1,451)	(15)
		(12,774)	(23,117)	(21,681)
<b>Equity dividends paid</b>		(40,782)	(34,722)	(34,722)
<b>Management of liquid resources</b>				
(Purchase)/sale of current asset investments	23(ii)	(729)	37	1,710
Cash withdrawn from/(placed on) short-term deposit	23(ii)	1,398	2,735	(1,180)
		669	2,772	530
<b>Financing</b>				
Issue of ordinary share capital		1,268	355	355
Repayment of capital element of finance leases	23(iii)	(713,531)	(330,555)	(302,965)
(Decrease)/increase in short-term loans	23(iii)	(68,241)	14,155	74,790
Increase in long-term loans	23(iii)	84,921	9,145	84,540
		(695,583)	(306,900)	(143,280)
<b>Increase in cash</b>	23(ii)	7,159	12,401	17,269

\*The ECU results for the year ended 31 December 1998 and ten month period ended 31 December 1998 have been restated in euros. The conversion rate used was 1 ECU : 1 euro. The figures for the ten month period ended 31 December 1998 represent the Group's statutory comparative numbers.



## Consolidated Profit and Loss Account – Sterling

for the year ended 31 December 1999

		£'000	
	Notes	Year ended 31 December 1999	Year ended 31 December 1998
<b>Revenue</b>	1	671,101	576,326
Cost of sales		(307,647)	(245,748)
<b>Gross profit</b>		363,454	330,578
Administrative expenses		(219,819)	(202,969)
<b>Operating profit</b>	2	143,635	127,609
Share of operating profit from associated undertakings		516	458
Interest receivable		1,871	1,622
Interest payable	3	(34,942)	(31,036)
<b>Profit on ordinary activities before taxation</b>		111,080	98,653
Taxation	6	(27,737)	(24,663)
<b>Profit on ordinary activities after taxation</b>		83,343	73,990
Minority interests – equity		(80)	(75)
<b>Profit for the year</b>		83,263	73,915
Dividends	7	(31,487)	
<b>Retained profit for the year</b>	18	51,776	
<b>Earnings per share</b>			
Basic	8	14.3p	12.7p
Diluted	8	14.2p	12.6p

## Consolidated Statement of Total Recognised Gains and Losses – Sterling

for the year ended 31 December 1999

	£'000	
	Year ended 31 December 1999	Year ended 31 December 1998
Profit for the year	83,263	73,915
Exchange adjustments	7,442	(4,666)
<b>Total recognised gains and losses</b>	90,705	69,249

## Consolidated Balance Sheet – Sterling

at 31 December 1999

		£'000	
	Notes	At 31 December 1999	At 31 December 1998
<b>Intangible assets</b>			
Goodwill	9	41,046	37,011
<b>Fixed assets</b>			
Tangible assets – vehicles	10	686,650	635,580
Tangible assets – others	10	32,877	29,794
Investments	11	738	713
		<b>720,265</b>	<b>666,087</b>
<b>Current assets</b>			
Debtors	12	289,213	247,407
Investments		3,429	2,945
Cash at bank		27,423	25,439
		<b>320,065</b>	<b>275,791</b>
<b>Creditors falling due within one year</b>			
Bank and other loans	13	(211,310)	(272,051)
Other creditors	14	(587,609)	(524,650)
		<b>(798,919)</b>	<b>(796,701)</b>
<b>Net current liabilities</b>		<b>(478,854)</b>	<b>(520,910)</b>
<b>Total assets less current liabilities</b>		<b>262,457</b>	<b>182,188</b>
<b>Creditors falling due after more than one year</b>			
Bank and other loans	13	(210,300)	(174,042)
Other creditors	14	(37,847)	(42,235)
		<b>(248,147)</b>	<b>(216,277)</b>
<b>Provisions for liabilities and charges</b>	16	<b>(42,232)</b>	<b>(33,844)</b>
		<b>(7,922)</b>	<b>(67,933)</b>
<b>Capital and reserves</b>			
Called-up share capital	17	5,832	5,825
Share premium	18	630,477	629,642
Profit and loss account	18	(644,466)	(703,684)
<b>Total shareholders' funds – equity</b>	19	<b>(8,157)</b>	<b>(68,217)</b>
<b>Minority interests – equity</b>		<b>235</b>	<b>284</b>
		<b>(7,922)</b>	<b>(67,933)</b>

# Company Balance Sheet – Sterling

at 31 December 1999

		£'000	
	Notes	At 31 December 1999	At 31 December 1998
<b>Fixed assets</b>			
Investments	11	758,778	758,778
<b>Current assets</b>			
Debtors	12	18,533	10,359
<b>Creditors falling due within one year</b>			
Bank and other loans	13	(34,794)	(35,521)
Other creditors	14	(91,402)	(82,250)
<b>Net current liabilities</b>		(107,663)	(107,412)
<b>Total assets less current liabilities</b>		651,115	651,366
<b>Creditors falling due after more than one year</b>			
Other creditors	14	(9,790)	(13,535)
		641,325	637,831
<b>Capital and reserves</b>			
Called-up share capital	17	5,832	5,825
Share premium	18	630,477	629,642
Profit and loss account	18	5,016	2,364
<b>Total shareholders' funds – equity</b>		641,325	637,831

Approved by the Board on 23 February 2000.



C I Cowan Group Finance Director



M McCafferty Chief Executive

# Consolidated Cash Flow Statement – Sterling

for the year ended 31 December 1999

		£'000	
	Notes	Year ended 31 December 1999	Year ended 31 December 1998
<b>Net cash inflow from operating activities</b>	23(i)	256,050	249,765
<b>Dividends received from associated undertakings</b>		212	223
<b>Returns on investments and servicing of finance</b>			
Interest received		1,871	1,622
Interest paid		(26,293)	(25,648)
Interest element of finance lease rental payments		(9,376)	(5,549)
		(33,798)	(29,575)
<b>Taxation</b>			
Overseas tax paid		(21,138)	(10,026)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(886,845)	(1,075,649)
Sale of tangible fixed assets		1,179,385	1,118,514
		292,540	42,865
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings	23(iv)	(8,018)	(14,302)
Cash balances acquired with subsidiary undertakings		184	57
Expenses paid in connection with purchase of subsidiary undertakings		(555)	(494)
Purchase of licensees		-	(982)
		(8,389)	(15,721)
<b>Equity dividends paid</b>		(27,968)	(23,293)
<b>Management of liquid resources</b>			
(Purchase)/sale of current asset investments	23(ii)	(484)	25
Cash withdrawn from short-term deposit	23(iii)	927	1,922
		443	1,947
<b>Financing</b>			
Issue of ordinary share capital		842	286
Repayment of capital element of finance leases	23(iii)	(468,570)	(223,638)
(Decrease)/increase in short-term loans	23(iii)	(43,225)	9,204
Increase in long-term loans	23(iii)	57,747	6,266
		(453,206)	(207,882)
<b>Increase in cash</b>	23(ii)	4,746	8,303

## Statement of Accounting Policies

### Basis of preparation

The Financial Statements present the consolidated results for the year ended 31 December 1999 in both euro and sterling. As a significant proportion of the Group's revenues, costs and funding arise in the euro zone, the Directors consider that the Group's functional currency is the euro. Accordingly, the Group's statutory accounts this year have been prepared in euro. The Company's statutory accounts continue to be reported in sterling.

The ECU results for the year ended 31 December 1998 and ten month period ended 31 December 1998 have been restated in euro at a rate of 1 ECU : 1 euro.

As a result of Avis Europe plc changing its year end from 28 February to 31 December in the prior year, the Group's *statutory comparative results are for the ten month period ended 31 December 1998*. For comparative purposes, the Group has also disclosed results for the year ended 31 December 1998.

### Principal accounting policies

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

### Basis of accounting

The Financial Statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

### Application of new accounting standards

The Group has adopted FRS 12 "Provisions, Contingent Liabilities and Contingent Assets", FRS 13 "Derivatives and Other Financial Instruments: Disclosures" and FRS 16 'Current Taxation' during the year. There has been no restatement of the Group's prior period results or balance sheets as a result of the adoption of these accounting standards.

### Basis of consolidation

The Group's Financial Statements consolidate the results of the Company and its subsidiary undertakings.

The accounting dates of the Group's subsidiary undertakings and associated undertakings are governed by local legal requirements and some are not coterminous with the Group's 31 December year end. For those companies without coterminous year ends, management accounts for the period ended 31 December 1999 have been consolidated. The accounting dates of the Group's principal subsidiary undertakings are shown on page 58.

In the opinion of the Directors, the expense of providing additional statutory accounts for periods coterminous with the Group's period end, together with the consequential delay in producing the Group's Financial Statements, would outweigh any benefit to shareholders.

### Goodwill

Goodwill arising on acquisition represents the excess of consideration paid over the fair values attributed to the net assets acquired.

In accordance with FRS 10 "Goodwill and Intangible Assets", any goodwill arising on acquisitions after 28 February 1998 is capitalised and amortised so as to write down the goodwill arising in equal instalments over its estimated useful life. Goodwill previously eliminated against reserves has been *offset against the profit and loss account* as permitted by FRS 10. The goodwill will be debited in the profit and loss account on subsequent disposal of the related business.

### Profit and loss account

No profit and loss account is presented for the Company, as permitted by Section 230 of the Companies Act 1985.

### Revenue

Revenue includes vehicle rental income (net of value added taxes and discounts) and fees receivable from licensees.

### Cost of sales

Cost of sales includes purchase rebates from manufacturers which are credited over the average depreciable lives of the vehicles. Where rebates depend on the volume of vehicle purchases, they are taken to income only to the extent that it is considered that the volume levels will be met.

### Associated undertakings

Undertakings in which the Group has an interest comprising not less than 20% and not more than 50% of the equity capital, and in respect of which it is in a position to exercise significant influence over commercial and operating policy decisions, are treated as associated undertakings. The consolidated profit and loss account includes the appropriate share of these undertakings' profits. The Group's share of the post-acquisition retained profits and reserves is added to the cost of investment, less any goodwill arising on acquisition, in the consolidated balance sheet, with the result that investments are carried at the share of net assets attributable to the Group expressed at rates of exchange ruling at the year end.

**Fixed asset investments**

Fixed asset investments are shown at cost less provision for permanent diminution in value.

**Tangible fixed assets****Vehicles**

Vehicles are stated at cost after deducting discounts received from dealers. Depreciation is based on estimates of future residual values or on guaranteed residual values, when they are agreed at the time of purchase. Depreciation rates vary between 12% and 40% per annum, depending on the type of vehicle.

**Other assets**

Depreciation is calculated so as to write down the cost of tangible assets to their residual values in equal instalments over their estimated useful lives, which are as follows:

Leasehold property	the period of the lease
Leasehold improvements	the shorter of the period of the lease or the life of the asset
Plant and equipment	3 to 10 years
Freehold buildings	50 years
Freehold land	not depreciated

**Major projects**

All directly attributable costs on major capital projects are capitalised and depreciated from the date on which the project becomes fully operational over the expected useful lives of the project components.

**Leases****Finance leases**

Vehicles and other assets leased under finance leases are capitalised at fair value and depreciated as described above. Interest on finance leases is charged to the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

**Operating leases**

Vehicles and other assets held under operating leases are not capitalised. Lease payments are charged against the profit and loss account in the period to which they relate.

**Current asset investments**

Marketable securities held as current assets are stated at cost adjusted for any amortised premium or discount.

**Pension arrangements**

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' service.

**Taxation**

Corporation tax is provided on taxable profits at the current rate.

Deferred taxation in respect of timing differences between profits as computed for taxation 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 taxation will be payable in the foreseeable future.

**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.

The results of overseas subsidiary undertakings and associated undertakings are translated at average rates.

Exchange differences arising from the retranslation at closing rates of the opening balance sheets and results of subsidiary undertakings and associated undertakings are taken directly to reserves. Where foreign currency borrowings are used to finance foreign subsidiary undertakings including goodwill, the resulting foreign exchange differences are taken to reserves.

**Financial instruments**

Transactions in derivative financial instruments are for risk management purposes only.

The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign currency risk. To the extent that such instruments are matched against an underlying asset or liability, they are accounted for using hedge accounting.

Gains or losses on interest rate instruments are matched against the corresponding interest charge or interest receivable in the profit and loss account over the life of the instrument. For foreign exchange instruments, gains or losses and premiums or discounts are matched to the underlying transactions being hedged.

## Notes to the Financial Statements

### 1 Segmental and geographic information

Revenue, operating profit and net operating assets

The principal activity of the Group is the supply of vehicle rental services. The Group is managed throughout Europe as a single business. Operating profits and net operating assets relate to vehicle rental activities. Revenue and operating profits are derived entirely from continuing activities.

	Year ended 31 December 1999 euro'000	Year ended 31 December 1998 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
<b>Revenue by geographic market</b>					
United Kingdom	228,112	179,186	153,277	151,662	121,371
France	182,511	170,613	150,084	121,275	115,147
Germany	172,899	138,431	120,091	114,488	93,462
Italy	142,550	120,881	107,068	94,540	81,611
Spain	125,404	109,444	97,139	83,246	73,794
Others	159,716	135,338	120,959	105,890	90,941
	<b>1,011,192</b>	<b>853,893</b>	<b>748,618</b>	<b>671,101</b>	<b>576,326</b>

	Year ended 31 December 1999 euro'000	Year ended 31 December 1998 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
<b>2 Operating profit</b>					
<b>Operating profit is stated after charging</b>					
Depreciation on vehicles – owned	171,249	187,902	161,921	113,722	126,782
Depreciation on vehicles – under finance leases	79,177	30,802	27,420	52,579	20,782
Depreciation on other tangible fixed assets	9,437	8,458	7,125	6,267	5,707
Amortisation of goodwill	3,017	374	374	2,001	263
Hire of plant and machinery	16,969	22,558	19,498	11,324	15,174
Other operating lease rentals	31,367	27,183	23,294	21,279	18,655
Auditors' remuneration (for audit services)	916	947	947	610	639
Year 2000 compliance	1,925	3,052	2,868	1,282	2,060
Introduction of the euro	908	1,059	947	605	715

During the year the Group incurred euro 1,111,000 (£740,000) (ten months ended 31 December 1998: euro 704,000 (£476,000)) for non-audit services payable to its auditors in the United Kingdom. The audit fee in respect of the Company was euro 267,000 (£178,000) (ten months ended 31 December 1998: euro 303,000 (£205,000)).

	Year ended 31 December 1999 euro'000	Year ended 31 December 1998 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
<b>3 Interest payable</b>					
<b>Bank loans, overdrafts and other loans</b>					
On bank loans and overdrafts	33,152	32,380	27,198	22,040	21,862
On deferred consideration	5,150	5,369	4,447	3,424	3,625
	<b>38,302</b>	<b>37,749</b>	<b>31,645</b>	<b>25,464</b>	<b>25,487</b>
<b>Finance charges payable under finance leases and hire purchase contracts</b>	<b>14,256</b>	<b>8,219</b>	<b>7,335</b>	<b>9,478</b>	<b>5,549</b>
	<b>52,558</b>	<b>45,968</b>	<b>38,980</b>	<b>34,942</b>	<b>31,036</b>

	Year ended 31 December 1999 euro'000	Year ended 31 December 1998 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
<b>4 Directors and employees</b>					
<b>Staff costs</b>					
Wages and salaries	168,376	154,465	131,360	112,070	104,069
Social security costs	34,196	29,992	25,650	22,798	20,207
Other pension costs	8,095	7,077	6,043	5,388	4,802
	210,667	191,534	163,053	140,256	129,078

	Year ended 31 December 1999 Number	Year ended 31 December 1998 Number	Ten months ended 31 December 1998 Number
<b>Staff numbers</b>			
Vehicle rental	5,460	4,927	4,977

	Year ended 31 December 1999 euro'000	Year ended 31 December 1998 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
<b>5 Directors' remuneration, interests and transactions</b>					
<b>Aggregate emoluments</b>					
Remuneration for management services:					
Salaries	1,476	1,987	1,716	983	1,339
Incentive bonuses	768	1,337	1,205	511	901
	2,244	3,324	2,921	1,494	2,240
Compensation for loss of office	312	—	—	208	—
Directors' fees	574	616	529	382	415
	3,130	3,940	3,450	2,084	2,655

**Highest paid Director's emoluments**

Remuneration for management services:					
Salary	482	502	417	321	338
Incentive bonuses	249	421	371	166	284
	731	923	788	487	622

Further details of Directors' remuneration, interests and transactions are set out in the Remuneration Report on pages 22 to 25.

	Year ended 31 December 1999 euro'000	Year ended 31 December 1998 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
<b>6 Taxation</b>					
<b>United Kingdom</b>					
Corporation tax at 30.25%	6,655	—	—	4,376	—
<b>Overseas</b>					
Corporation taxes	35,251	36,325	33,121	23,180	24,513
Share of taxation on profit from associated undertakings	275	222	215	181	150
	42,181	36,547	33,336	27,737	24,663
<b>Comprising:</b>					
Current	26,721	23,227	21,397	17,571	15,674
Deferred	15,460	13,320	11,939	10,166	8,989
	42,181	36,547	33,336	27,737	24,663

The United Kingdom taxation charge has benefited from tax losses carried forward from earlier years.



## Notes to the Financial Statements

	Year ended 31 December 1999 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000
<b>7 Dividends</b>			
Interim dividend of euro 0.027 (1.8p) per ordinary share (ten month period ended 31 December 1998: euro 0.022)	15,920	12,995	10,493
Proposed final dividend of euro 0.056 (3.6p) per ordinary share (ten month period ended 31 December 1998: euro 0.043)	32,938	24,861	20,994
	48,858	37,856	31,487

No dividends are disclosed for the year ended 31 December 1998 as this period did not represent a statutory accounting period.

	Year ended 31 December 1999 euro'000	Year ended 31 December 1998 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
<b>8 Earnings per share</b>					
<b>Profit for the period</b>					
Basic and diluted earnings per share	126,630	109,522	99,908	83,263	73,915
<b>Weighted average number of ordinary shares in issue</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Basic earnings per share	582,914,958	582,367,330	582,384,137	582,914,958	582,367,330
Diluted earnings per share	585,608,719	584,442,184	584,746,413	585,608,719	584,442,184
<b>Earnings per share</b>					
Basic earnings per share	euro 0.217	euro 0.188	euro 0.172	14.3p	12.7p
Diluted earnings per share	euro 0.216	euro 0.187	euro 0.171	14.2p	12.6p

The diluted earnings per share is the basic earnings per share adjusted for dilutive potential ordinary shares. The Group has granted options to Directors and employees over ordinary shares of Avis Europe plc and such shares constitute the only category of dilutive potential ordinary shares of Avis Europe plc.

	euro'000	£'000
<b>9 Goodwill</b>		
<b>Cost</b>		
At 1 January 1999	53,044	37,274
Additions (see note 11)	9,672	6,328
Exchange adjustments	6,688	(294)
<b>At 31 December 1999</b>	<b>69,404</b>	<b>43,308</b>
<b>Accumulated amortisation</b>		
At 1 January 1999	374	263
Charge for the year	3,017	2,001
Exchange adjustments	239	(2)
<b>At 31 December 1999</b>	<b>3,630</b>	<b>2,262</b>
<b>Net book value</b>		
At 31 December 1999	65,774	41,046
At 31 December 1998	52,670	37,011

10 Tangible assets	Freehold land & buildings euro'000	Short leasehold property euro'000	Plant & equipment euro'000	Vehicles euro'000	Total euro'000
<b>Cost</b>					
At 1 January 1999	9,484	25,324	22,187	964,122	1,021,117
Additions	4,471	3,033	10,244	2,179,080	2,196,828
Disposals	(164)	(608)	(742)	(1,987,732)	(1,989,246)
Acquisition of subsidiary undertakings	—	—	240	19,364	19,604
Exchange adjustments	261	1,688	1,469	16,368	19,786
<b>At 31 December 1999</b>	<b>14,052</b>	<b>29,437</b>	<b>33,398</b>	<b>1,191,202</b>	<b>1,268,089</b>
<b>Accumulated depreciation</b>					
At 1 January 1999	867	3,779	9,952	59,691	74,289
Charge for the period	700	2,269	6,468	250,426	259,863
Disposals	(27)	(181)	(515)	(220,764)	(221,487)
Exchange adjustments	69	147	675	1,527	2,418
<b>At 31 December 1999</b>	<b>1,609</b>	<b>6,014</b>	<b>16,580</b>	<b>90,880</b>	<b>115,083</b>
<b>Net book value</b>					
<b>At 31 December 1999</b>	<b>12,443</b>	<b>23,423</b>	<b>16,818</b>	<b>1,100,322</b>	<b>1,153,006</b>
<b>At 31 December 1998</b>	<b>8,617</b>	<b>21,545</b>	<b>12,235</b>	<b>904,431</b>	<b>946,828</b>

	Freehold land & buildings £'000	Short leasehold property £'000	Plant & equipment £'000	Vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 1999	6,665	17,797	15,591	677,527	717,580
Additions	2,969	2,014	6,803	1,451,579	1,463,365
Disposals	(109)	(404)	(493)	(1,319,964)	(1,320,970)
Acquisition of subsidiary undertakings	—	—	158	12,719	12,877
Exchange adjustments	(756)	(1,037)	(1,217)	(78,498)	(81,508)
<b>At 31 December 1999</b>	<b>8,769</b>	<b>18,370</b>	<b>20,842</b>	<b>743,363</b>	<b>791,344</b>
<b>Accumulated depreciation</b>					
At 1 January 1999	609	2,656	6,994	41,947	52,206
Charge for the period	465	1,507	4,295	166,301	172,568
Disposals	(18)	(120)	(342)	(146,603)	(147,083)
Exchange adjustments	(52)	(290)	(600)	(4,932)	(5,874)
<b>At 31 December 1999</b>	<b>1,004</b>	<b>3,753</b>	<b>10,347</b>	<b>56,713</b>	<b>71,817</b>
<b>Net book value</b>					
<b>At 31 December 1999</b>	<b>7,765</b>	<b>14,617</b>	<b>10,495</b>	<b>686,650</b>	<b>719,527</b>
<b>At 31 December 1998</b>	<b>6,056</b>	<b>15,141</b>	<b>8,597</b>	<b>635,580</b>	<b>665,374</b>

Vehicles held under finance leases are included in fixed assets at the following amounts:

	At 31 December 1999 euro'000	At 31 December 1998 euro'000	At 31 December 1999 £'000	At 31 December 1998 £'000
<b>Cost</b>	<b>359,845</b>	<b>163,420</b>	<b>224,559</b>	<b>114,842</b>
<b>Accumulated depreciation</b>	<b>(19,372)</b>	<b>(6,798)</b>	<b>(12,089)</b>	<b>(4,777)</b>
<b>Net book value</b>	<b>340,473</b>	<b>156,622</b>	<b>212,470</b>	<b>110,065</b>

## Notes to the Financial Statements

	Group	
	At 31 December 1999 euro'000	At 31 December 1998 euro'000
<b>11 Fixed asset investments</b>		
Shares in associated undertakings	1,139	971
Other investments	44	44
	<b>1,183</b>	<b>1,015</b>

	Group		Company	
	At 31 December 1999 £'000	At 31 December 1998 £'000	At 31 December 1999 £'000	At 31 December 1998 £'000
Shares in subsidiary undertakings	–	–	758,778	758,778
Shares in associated undertakings	709	682	–	–
Other investments	29	31	–	–
	<b>738</b>	<b>713</b>	<b>758,778</b>	<b>758,778</b>

### Group acquisition

#### Acquisition of Bismark and Rhein-Ruhr

The entire issued share capital of Autohof Bismark GmbH ("Bismark") and certain businesses, assets and liabilities of Autovermietung Rhein-Ruhr AG ("Rhein-Ruhr") were acquired on 16 August 1999 for a consideration, excluding associated costs of acquisition, of euro 11,186,000 (£7,346,000). The acquisition has been accounted for by the acquisition method of accounting.

The amount of goodwill arising as a result of the acquisition is euro 9,672,000 (£6,328,000). The goodwill is being amortised over 20 years on a straight line basis, in line with the Directors' estimate of its useful economic life.

The results and cash flows arising subsequent to the acquisition of Bismark and Rhein-Ruhr are not considered material to the Group and accordingly are not disclosed separately.

No adjustments were made to the book value of the assets and liabilities acquired during the year. The cash flow effects of the acquisition are given in note 23.

	Book and fair value to the Group euro'000	Book and fair value to the Group £'000
<b>Tangible fixed assets</b>		
Motor vehicles	19,364	12,719
Other	240	158
Debtors	8,109	5,348
Cash	280	184
Bank loans	(13,805)	(9,068)
Other creditors	(9,829)	(6,455)
Accruals and deferred income	(2,000)	(1,313)
	<b>2,359</b>	<b>1,573</b>
<b>Goodwill</b>	<b>9,672</b>	<b>6,328</b>
	<b>12,031</b>	<b>7,901</b>
<b>Consideration</b>		
Cash	12,209	8,018
Amount receivable from vendor	(1,023)	(672)
Associated costs arising on acquisition	845	555
	<b>12,031</b>	<b>7,901</b>

The fair values to the Group are provisional amounts pending the results of due diligence work. The fair value amount will be finalised in the Financial Statements for the year ending 31 December 2000.

**11 Fixed asset investments (continued)****Associated undertakings**

The movement in shares in associated undertakings arises as follows:

	euro'000	£'000
<b>At 1 January 1999</b>	<b>971</b>	<b>682</b>
Profit retained by associated undertakings	495	317
Dividends received from associated undertakings	(327)	(212)
Exchange adjustments	–	(78)
<b>At 31 December 1999</b>	<b>1,139</b>	<b>709</b>

The Group's principal subsidiaries are shown on page 58. The Group's principal associated undertaking, in which the Group held 33.3% of the share capital at 31 December 1999, is International Car Rental BV ("ICR BV"), a company incorporated in the Netherlands. The principal activity of ICR BV is vehicle rental services. On 1 January 2000, the Group acquired the remaining issued share capital of ICR BV and the company became a wholly owned subsidiary undertaking of the Group.

	Group	
	At 31 December 1999	At 31 December 1998
	euro'000	euro'000
<b>12 Debtors falling due within one year</b>		
Trade debtors	310,063	226,204
Other debtors	108,672	85,225
Prepayments	44,715	40,631
	<b>463,450</b>	<b>352,060</b>

	Group		Company	
	At 31 December 1999	At 31 December 1998	At 31 December 1999	At 31 December 1998
	£'000	£'000	£'000	£'000
Trade debtors	193,493	158,963	–	–
Amounts owed by subsidiary undertakings	–	–	18,525	10,342
Other debtors	67,816	59,891	–	17
Prepayments	27,904	28,553	8	–
	<b>289,213</b>	<b>247,407</b>	<b>18,533</b>	<b>10,359</b>

Included within "Other debtors" is an amount of euro 35,169,000 (£21,947,000) (31 December 1998: euro 19,252,000 (£13,529,000)), which represents amounts recoverable arising from the 3 Arrows credit hire business.

Included within "Prepayments" is an amount of euro 3,154,000 (£1,968,000) (31 December 1998: euro 3,051,000 (£2,144,000)), which represents a pension prepayment. This is being amortised over the average remaining service life of the employees.

## Notes to the Financial Statements

	Group	
	At 31 December 1999 euro'000	At 31 December 1998 euro'000
<b>13 Bank and other loans</b>		
<b>Creditors falling due within one year</b>		
Bank loans and overdrafts	282,858	336,583
Loan notes	55,756	50,546
	<b>338,614</b>	<b>387,129</b>
<b>Creditors falling due after more than one year</b>		
Bank loans	201,248	112,568
Senior unsecured loan notes	135,747	135,094
	<b>336,995</b>	<b>247,662</b>

	Group		Company	
	At 31 December 1999 £'000	At 31 December 1998 £'000	At 31 December 1999 £'000	At 31 December 1998 £'000
<b>Creditors falling due within one year</b>				
Bank loans and overdrafts	176,516	236,530	-	-
Loan notes	34,794	35,521	34,794	35,521
	<b>211,310</b>	<b>272,051</b>	<b>34,794</b>	<b>35,521</b>
<b>Creditors falling due after more than one year</b>				
Bank loans	125,588	79,106	-	-
Senior unsecured loan notes	84,712	94,936	-	-
	<b>210,300</b>	<b>174,042</b>	<b>-</b>	<b>-</b>

Included in "Bank loans and overdrafts" falling due within one year is an amount of euro 53,878,000 (£33,622,000) (31 December 1998: euro 12,659,000 (£8,896,000)) due in respect of outstandings under the Group's Commercial Paper programme. The Commercial Paper, issued by Avis Finance Company Limited, is guaranteed by the Company.

The senior unsecured loan notes represent US\$150,000,000 of loan notes issued in three tranches maturing in 2003, 2004 and 2005 respectively. The proceeds from the issue were swapped so as to generate a fixed rate deutschmark liability. The senior unsecured loan notes, issued by Avis Finance Company Limited, are guaranteed by the Company and Avis Europe Holdings Limited. The maturity and interest rate prevailing in respect of the senior unsecured loan notes is given in note 15.

14 Other creditors	Group	
	At 31 December 1999	At 31 December 1998
	euro'000	euro'000
<b>Falling due within one year</b>		
Trade creditors	303,163	262,000
Corporation taxes	29,649	33,438
Other taxes and social security	9,770	9,226
Other creditors	69,109	71,271
Obligations under finance leases and hire purchase contracts	320,109	150,758
Accruals and deferred income	176,173	195,020
Proposed dividend	33,642	24,867
	<b>941,615</b>	<b>746,580</b>

	Group	
	At 31 December 1999	At 31 December 1998
	euro'000	euro'000
<b>Falling due after more than one year</b>		
Falling due between one and two years	10,846	6,244
Falling due between two and five years	14,159	21,782
Falling due after more than five years	35,643	32,074
	<b>60,648</b>	<b>60,100</b>

	Group		Company	
	At 31 December 1999	At 31 December 1998	At 31 December 1999	At 31 December 1998
	£'000	£'000	£'000	£'000
<b>Falling due within one year</b>				
Trade creditors	189,187	184,117	-	-
Amounts due to subsidiary undertakings	-	-	66,348	59,602
Corporation taxes	18,502	23,498	-	-
Other taxes and social security	6,097	6,483	-	-
Other creditors	43,127	50,085	4,060	3,273
Obligations under finance leases and hire purchase contracts	199,762	105,944	-	-
Accruals and deferred income	109,940	137,048	-	1,900
Proposed dividend	20,994	17,475	20,994	17,475
	<b>587,609</b>	<b>524,650</b>	<b>91,402</b>	<b>82,250</b>

	Group		Company	
	At 31 December 1999	At 31 December 1998	At 31 December 1999	At 31 December 1998
	£'000	£'000	£'000	£'000
<b>Falling due after more than one year</b>				
Falling due between one and two years	6,768	4,388	4,670	3,745
Falling due between two and five years	8,836	15,307	5,120	9,790
Falling due after more than five years	22,243	22,540	-	-
	<b>37,847</b>	<b>42,235</b>	<b>9,790</b>	<b>13,535</b>

Other creditors falling due after more than one year represent deferred consideration arising on the acquisition of shares held by Avis, Inc. in Avis Europe Investment Holdings Limited.

Amounts falling due after more than five years are payable in annual instalments of £1,940,000 at an interest rate of 8%.

## Notes to the Financial Statements

### 15 Financial instruments

The Group's objectives and policies on the use of financial instruments, including derivatives, can be found in the Operating and Financial Review on page 13. Amounts dealt with in this note exclude short-term assets and liabilities except for cash, overdrafts and loan notes.

The tables within this note take account of interest rate swaps and currency swaps used to manage the interest rate and currency profile of the financial liabilities of the Group.

#### (i) Maturity of financial liabilities

Borrowing may be analysed by repayment dates as follows:

	At 31 December 1999 euro'000	At 31 December 1998 euro'000	At 31 December 1999 £'000	At 31 December 1998 £'000
<b>Falling due within one year</b>				
Obligations under finance leases and hire purchase contracts	320,109	150,758	199,762	105,944
Commercial paper	53,878	12,660	33,622	8,896
Bank loans and overdrafts	228,980	323,923	142,894	227,634
Loan notes	55,756	50,546	34,794	35,521
Deferred consideration	7,031	4,108	4,388	2,887
	665,754	541,995	415,460	380,882
<b>Falling due within one and two years</b>				
Deferred consideration	10,846	6,244	6,768	4,388
<b>Falling due within two to five years</b>				
Bank loans	201,248	112,568	125,588	79,106
Senior unsecured loan notes	83,711	49,535	52,239	34,810
Deferred consideration	14,159	21,782	8,836	15,307
	299,118	183,885	186,663	129,223
<b>Falling due after five years</b>				
Senior unsecured loan notes	52,036	85,559	32,473	60,126
Deferred consideration	35,643	32,074	22,243	22,540
	87,679	117,633	54,716	82,666
<b>Total</b>				
Obligations under finance leases and hire purchase contracts	320,109	150,758	199,762	105,944
Commercial paper	53,878	12,660	33,622	8,896
Bank loans and overdrafts	430,228	436,491	268,482	306,740
Loan notes	55,756	50,546	34,794	35,521
Senior unsecured loan notes	135,747	135,094	84,712	94,936
Deferred consideration	67,679	64,208	42,235	45,122
	1,063,397	849,757	663,607	597,159

## 15 Financial instruments (continued)

## (ii) Analysis of interest rate exposure and currency of financial liabilities

The interest rate and currency profile of the financial liabilities of the Group are as follows:

	At 31 December 1999 Fixed rate euro'000	At 31 December 1999 Floating rate euro'000	At 31 December 1999 Total euro'000	At 31 December 1998 Fixed rate euro'000	At 31 December 1998 Floating rate euro'000	At 31 December 1998 Total euro'000
<b>Currency</b>						
Euro	391,446	432,553	823,999	417,807	254,312	672,119
Sterling	75,692	124,395	200,087	81,996	61,989	143,985
Other	29,413	9,898	39,311	6,281	27,372	33,653
	496,551	566,846	1,063,397	506,084	343,673	849,757

	At 31 December 1999 Fixed rate £'000	At 31 December 1999 Floating rate £'000	At 31 December 1999 Total £'000	At 31 December 1998 Fixed rate £'000	At 31 December 1998 Floating rate £'000	At 31 December 1998 Total £'000
<b>Currency</b>						
Euro	244,280	269,932	514,212	293,610	178,715	472,325
Sterling	47,235	77,628	124,863	57,622	43,562	101,184
Other	18,355	6,177	24,532	4,414	19,236	23,650
	309,870	353,737	663,607	355,646	241,513	597,159

Within the euro financial liabilities is US\$150,000,000 (31 December 1998: US\$150,000,000) of senior unsecured loan notes which have been swapped into deutschmarks so as to generate a fixed rate deutschmark liability.

Included in the floating rate column are borrowings subject to interest rate caps with an aggregate notional principal of euro 30,937,000 (£19,300,000) (31 December 1998: euro 30,974,000 (£21,767,000)) and an average strike rate of 7% (31 December 1998: 7%). The weighted average life of these contracts is 0.8 years (31 December 1998: 1.8 years).

Excluded from the above table are forward start interest rate swaps with a notional principal of £30,000,000 which commence in 2003 and will run for five years. These swaps will convert the prevailing floating interest rate to a fixed rate of 6.3%.

The floating exchange rate financial liabilities principally comprise bank loans bearing interest at various rates set with reference to the prevailing EURIBOR or equivalent.

The weighted average interest rate of the fixed rate liabilities and the weighted average maturity period of the fixed rate liabilities respectively are as follows:

	At 31 December 1999 Weighted average fixed interest rate %	At 31 December 1999 Weighted average period for which rate is fixed years	At 31 December 1998 Weighted average fixed interest rate %	At 31 December 1998 Weighted average period for which rate is fixed years
<b>Currency</b>				
Euro	5.9	2.9	5.9	3.0
Sterling	7.4	1.8	7.6	1.4
Other	6.2	2.0	2.5	1.5
	5.9	2.8	6.0	2.9

The above analysis excludes the deferred consideration of euro 67,679,000 (£42,235,000) (31 December 1998: euro 64,209,000 (£45,122,000)). This bears an interest rate of 8% (31 December 1998: 8%) and the weighted average period for which the rate is fixed is 38 years (31 December 1998: 39 years).



## Notes to the Financial Statements

### 15 Financial instruments (continued)

#### (iii) Investment in financial assets

The Group's financial assets are cash and current asset investments. Cash balances are floating rate assets which earn interest at various rates set with reference to the prevailing EURIBOR or equivalent. The current asset investments are amounts held by Aegis Motor Insurance Limited (see note 23(iii)). These are investments in a managed fund. The managed fund holds various investments with different interest rate profiles.

The currency profile of the financial assets of the Group are as follows:

	At 31 December 1999 euro'000	At 31 December 1998 euro'000	At 31 December 1999 £'000	At 31 December 1998 £'000
<b>Currency</b>				
Euro	25,965	16,649	16,203	11,700
Sterling	22,333	20,762	13,937	14,590
Other	1,141	2,980	712	2,094
	<b>49,439</b>	<b>40,391</b>	<b>30,852</b>	<b>28,384</b>

#### (iv) Currency exposures

Monetary assets and liabilities denominated in currencies other than the functional currency of the entity owning them, excluding currency funding for overseas net investment (which is dealt with in the statement of total recognised gains and losses), are not material.

#### (v) Committed borrowing facilities

The committed borrowing facilities, drawn and undrawn, of the Group are as follows:

	At 31 December 1999 Drawn euro'000	At 31 December 1999 Undrawn euro'000	At 31 December 1999 Total euro'000	At 31 December 1998 Drawn euro'000	At 31 December 1998 Undrawn euro'000	At 31 December 1998 Total euro'000
Revolving credit facility	263,608	265,201	528,809	163,376	306,214	469,590
Bilateral facilities and finance leases	341,012	306,188	647,200	189,956	104,632	294,588
	<b>604,620</b>	<b>571,389</b>	<b>1,176,009</b>	<b>353,332</b>	<b>410,846</b>	<b>764,178</b>

	At 31 December 1999 Drawn £'000	At 31 December 1999 Undrawn £'000	At 31 December 1999 Total £'000	At 31 December 1998 Drawn £'000	At 31 December 1998 Undrawn £'000	At 31 December 1998 Total £'000
Revolving credit facility	164,503	165,497	330,000	114,811	215,189	330,000
Bilateral facilities and finance leases	212,807	191,075	403,882	133,490	73,529	207,019
	<b>377,310</b>	<b>356,572</b>	<b>733,882</b>	<b>248,301</b>	<b>288,718</b>	<b>537,019</b>

The amount of the revolving credit facility includes a euro 57,209,000 (£35,701,000) (31 December 1998: euro 50,808,000 (£35,705,000)) guarantee in support of the loan notes issued in respect of the acquisition of 3 Arrows.

The maturity profile of the Group's undrawn committed facilities is as follows:

	At 31 December 1999 euro'000	At 31 December 1998 euro'000	At 31 December 1999 £'000	At 31 December 1998 £'000
Expiring within one year	514,507	289,622	321,075	203,529
Expiring within one and two years	-	-	-	-
Expiring in more than two years	56,882	121,224	35,497	85,189
	<b>571,389</b>	<b>410,846</b>	<b>356,572</b>	<b>288,718</b>

The facilities expire at various intervals between 2000 and 2002. There are, in addition, uncommitted bank facilities available to the Group of euro 824,000,000 (£514,000,000).

## 15 Financial instruments (continued)

## (vi) Fair value of financial assets and financial liabilities

The fair value of the financial assets are not considered materially different from their book values. Accordingly, no further analysis is given with regards to financial assets.

	At 31 December 1999 Book value euro'000	At 31 December 1999 Fair value euro'000	At 31 December 1998 Book value euro'000	At 31 December 1998 Fair value euro'000
<b>Financial liabilities</b>				
<b>Primary financial instruments held or issued to finance the Group's operations:</b>				
Short-term borrowings and current portion of long-term debt	668,880	668,880	549,434	549,435
Long-term borrowings	411,052	404,737	299,627	300,825
<b>Derivative financial instruments held to manage the interest rate and currency profile:</b>				
Interest rate swaps	617	3,569	179	14,965
Currency swaps	(13,409)	(7,746)	8,135	14,589
Forward foreign currency contracts	(3,743)	(3,359)	(7,619)	790
	<b>1,063,397</b>	<b>1,066,081</b>	<b>849,756</b>	<b>880,604</b>

	At 31 December 1999 Book value £'000	At 31 December 1999 Fair value £'000	At 31 December 1998 Book value £'000	At 31 December 1998 Fair value £'000
<b>Financial liabilities</b>				
<b>Primary financial instruments held or issued to finance the Group's operations:</b>				
Short-term borrowings and current portion of long-term debt	417,411	417,411	386,110	386,110
Long-term borrowings	256,515	252,574	210,560	211,402
<b>Derivative financial instruments held to manage the interest rate and currency profile:</b>				
Interest rate swaps	385	2,227	126	10,517
Currency swaps	(8,368)	(4,834)	5,717	10,252
Forward foreign currency contracts	(2,336)	(2,096)	(5,354)	555
	<b>663,607</b>	<b>665,282</b>	<b>597,159</b>	<b>618,836</b>

For the purposes of the above table the book value of the relevant asset or liability is shown gross of the effect of the hedging instrument.

The fair value of borrowings and derivative instruments is calculated by discounting all future cash flows by the market yield curve at the balance sheet date. Currency derivatives are translated into sterling at the rates of exchange quoted at the balance sheet date.

## Notes to the Financial Statements

### 15 Financial instruments (continued)

#### (vii) Gains and losses on hedges

Gains and losses on financial instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on financial instruments used for hedging, and the movements therein, are as follows:

	Net Gains/(losses) euro'000	Net Gains/(losses) £'000
<b>Gains and losses on hedges at 1 January 1999</b>	(29,650)	(20,835)
Arising in previous years included in 1999 income	5,869	4,123
<b>Gains and losses not included in 1999 income</b>		
Arising before 1 January 1999	(23,781)	(16,712)
Arising in 1999	14,782	11,096
<b>Gains and losses on hedges at 31 December 1999</b>	(8,999)	(5,616)
Of which:		
Gains and losses expected to be included in 2000 income	(2,318)	(1,447)
Gains and losses expected to be included in 2001 or later	(6,681)	(4,169)

16 Provisions for liabilities and charges	Pensions euro'000	Deferred taxation euro'000	Total euro'000	Pensions £'000	Deferred taxation £'000	Total £'000
<b>At 1 January 1999</b>	17,413	30,747	48,160	12,237	21,607	33,844
Profit and loss charge	857	15,460	16,317	502	10,166	10,668
Exchange adjustment	(15)	3,212	3,197	(1,347)	(933)	(2,280)
<b>At 31 December 1999</b>	18,255	49,419	67,674	11,392	30,840	42,232

Summary of deferred taxation:

	Provided		Not provided	
	At 31 December 1999 euro'000	At 31 December 1998 euro'000	At 31 December 1999 euro'000	At 31 December 1998 euro'000
Accelerated capital allowances	29,911	33,969	(12,111)	(1,153)
Other timing differences	19,508	(1,830)	(11,389)	(14,843)
Losses available for offset	-	(1,392)	(45,423)	(69,112)
	49,419	30,747	(68,923)	(85,108)

	Provided		Not provided	
	At 31 December 1999 £'000	At 31 December 1998 £'000	At 31 December 1999 £'000	At 31 December 1998 £'000
Accelerated capital allowances	18,666	23,871	(7,550)	(810)
Other timing differences	12,174	(1,286)	(7,099)	(10,431)
Losses available for offset	-	(978)	(28,314)	(48,568)
	30,840	21,607	(42,963)	(59,809)

	At 31 December 1999 Number	At 31 December 1999 euro'000	At 31 December 1999 £'000	At 31 December 1998 Number	At 31 December 1998 euro'000	At 31 December 1998 £'000
<b>17 Share capital</b>						
<b>Authorised share capital</b>						
Ordinary shares of 1p each	800,000,000		8,000	800,000,000		8,000
<b>Issued and fully paid share capital</b>						
Ordinary shares of 1p each	583,159,408	8,040	5,832	582,510,968	8,030	5,825

During the year, 648,440 ordinary shares of 1p each were issued for an aggregate consideration of euro 1,268,000 (£842,000) in respect of the early exercise of options in accordance with the rules of the Company's share option schemes.

At 31 December 1999, options granted under the Company's share option schemes were outstanding as follows:

	Number of ordinary shares at 31 December 1999	Number of ordinary shares at 31 December 1998	Exercise price range	Exercisable years
<b>Date of grant</b>				
1999	1,628,500	-	253.3p-279.8p	2002-2009
1998	3,217,750	3,364,750	248.2p-268.0p	2001-2008
1997	5,189,209	6,057,649	124.0p-127.8p	2000-2007

	Group					
	Share premium euro'000	Profit and loss euro'000	Total euro'000	Share premium £'000	Profit and loss £'000	Total £'000
<b>18 Reserves</b>						
<b>At 1 January 1999</b>	867,891	(972,992)	(105,101)	629,642	(703,684)	(74,042)
Premium arising on issue of ordinary shares	1,258	-	1,258	835	-	835
Profit for the year	-	77,772	77,772	-	51,776	51,776
Exchange adjustments	-	4,961	4,961	-	7,442	7,442
<b>At 31 December 1998</b>	869,149	(890,259)	(21,110)	630,477	(644,466)	(13,989)

Goodwill, of euro 1,080,421,000 (£783,462,000), arising before 28 February 1998 has been written off against the profit and loss account. For further information see the Statement of Accounting Policies on page 36.

	Company		
	Share premium £'000	Profit and loss £'000	Total £'000
<b>At 1 January 1999</b>	629,642	2,364	632,006
Premium arising on issue of ordinary shares	835	-	835
Profit for the year	-	2,652	2,652
<b>At 31 December 1999</b>	630,477	5,016	635,493

The amount of profit dealt with in the accounts of the Company for the year to 31 December 1999, before dividends paid and payable, is £34,139,000 (31 December 1998: £17,896,000).

## Notes to the Financial Statements

	Year ended 31 December 1999 euro'000	Year ended 31 December 1998 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
<b>19 Reconciliation of movements in shareholders' funds</b>					
Profit for the period	126,630	109,522	99,908	83,263	73,915
Dividends	(48,858)	(59,880)	(37,856)	(31,487)	(40,768)
Exchange adjustments	4,961	(3,702)	(3,584)	7,442	(4,666)
Nominal value and share premium on issue of shares (see note 17)	1,268	355	355	842	286
Goodwill written off to profit and loss account reserve	-	(1,410)	-	-	(971)
Net addition to shareholders' funds	84,001	44,885	58,823	60,060	27,796
Opening shareholders' funds	(97,071)	(141,956)	(155,894)	(68,217)	(96,013)
<b>Closing shareholders' funds</b>	<b>(13,070)</b>	<b>(97,071)</b>	<b>(97,071)</b>	<b>(8,157)</b>	<b>(68,217)</b>

**20 Capital commitments**

At 31 December 1999 the Group had capital commitments contracted for, but not provided amounting to euro 260,333,000 (£162,459,000) (31 December 1998: euro 135,919,000 (£95,516,000)).

**21 Financial commitments**

At 31 December 1999, the Group has the following annual commitments under operating leases in the year ending 31 December 2000, analysed by the date of termination of the leases:

	Land and buildings euro'000	Motor vehicles euro'000	Others euro'000	Total euro'000
Expiring:				
Within one year	8,144	6,378	138	14,660
Between one and two years	5,320	-	152	5,472
Between two and five years	2,574	-	104	2,678
After more than five years	5,679	-	-	5,679
	<b>21,717</b>	<b>6,378</b>	<b>394</b>	<b>28,489</b>

	Land and buildings £'000	Motor vehicles £'000	Others £'000	Total £'000
Expiring:				
Within one year	5,082	3,980	86	9,148
Between one and two years	3,320	-	95	3,415
Between two and five years	1,606	-	65	1,671
After more than five years	3,544	-	-	3,544
	<b>13,552</b>	<b>3,980</b>	<b>246</b>	<b>17,778</b>

At 31 December 1998, the Group had the following annual commitments under operating leases in the year ending 31 December 1999, analysed by the date of termination of the leases:

	Land and buildings euro'000	Motor vehicles euro'000	Others euro'000	Total euro'000
Expiring:				
Within one year	7,666	22,862	129	30,657
Between one and two years	2,251	-	135	2,386
Between two and five years	5,137	-	162	5,299
After more than five years	5,590	-	-	5,590
	<b>20,644</b>	<b>22,862</b>	<b>426</b>	<b>43,932</b>

	Land and buildings £'000	Motor vehicles £'000	Others £'000	Total £'000
Expiring:				
Within one year	5,387	16,066	91	21,544
Between one and two years	1,582	-	95	1,677
Between two and five years	3,610	-	114	3,724
After more than five years	3,928	-	-	3,928
	<b>14,507</b>	<b>16,066</b>	<b>300</b>	<b>30,873</b>

## Notes to the Financial Statements

### 22 Pension costs

All operating subsidiary undertakings within the Group contribute to their local state pension scheme. Certain countries also have a company scheme which provides additional retirement benefits. The majority of these schemes are of the "defined benefit" type based on employees' salaries and length of service and are funded by investments held outside the Group.

All schemes are funded in accordance with generally accepted local actuarial practice and principles (the scheme in Germany is an unfunded scheme in line with local practice). In schemes where funding is non-insured, independent valuations are performed by independent qualified actuaries on a regular basis, generally every three years. In accordance with their recommendations, contributions are paid to the schemes so as to provide the required benefits. The Group charges these contributions to the profit and loss account over the period benefiting from the employees' services.

In the year ended 31 December 1999 the Group's profit and loss account charge was euro 8,095,000 (£5,338,000) (ten months to 31 December 1998: euro 6,025,000 (£4,074,000)) of which euro 5,501,000 (£3,661,000) (ten month period to 31 December 1998: euro 3,813,000 (£2,548,000)) related to the United Kingdom and Germany combined.

The main actuarial assumptions and results of the principal schemes' valuations are as follows:

	UK	Germany
Main assumptions:		
Rate of return on investments	7.00%	6.50%
Rate of salary increase	4.50%	3.50%
Rate of state pension increase	3.00%	3.50%
Value of schemes' assets ('000)	£35,394	–
Value of balance sheet provision ('000)	–	DM 29,958
Value of past service liabilities ('000)	£41,109	DM 29,544
Past service (deficit)/surplus ('000)	£(5,715)	DM 414
Actuarial value of assets as a percentage of past service liabilities	86.10%	101.4%
Date of last valuation	30 Jun 99	30 Jun 99

The market value of the United Kingdom scheme as at 30 June 1999 was £43,942,000.

The schemes in the United Kingdom and Germany are defined benefit schemes and were valued using the projected unit method.

The above surpluses and deficits are being spread over the average remaining service life of the employees.

During 1998, Spain switched their scheme from that of a defined benefit scheme to an insured defined contribution scheme. Accordingly, no valuation information is presented for this scheme.

23 Notes to the consolidated cash flow statement	Year ended 31 December 1999 euro'000	Year ended 31 December 1998 euro'000	Ten months ended 31 December 1998 euro'000	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
<b>(i) Reconciliation of operating profit to operating cash flow</b>					
Operating profit	217,879	189,090	169,811	143,635	127,609
Depreciation on tangible fixed assets	259,863	227,162	196,466	172,568	153,271
Amortisation of goodwill	3,017	374	374	2,001	263
Adjustments arising on differences between sales proceeds and depreciated amounts	(8,594)	(14,460)	(9,645)	(5,498)	(9,783)
	254,286	213,076	187,195	169,071	143,751
Increase in debtors	(89,604)	(27,707)	(49,165)	(58,218)	(18,608)
Increase/(decrease) in creditors	3,394	(5,503)	(63,715)	1,562	(2,987)
<b>Net cash inflow from operating activities</b>	<b>385,955</b>	<b>368,956</b>	<b>244,126</b>	<b>256,050</b>	<b>249,765</b>
<b>(ii) Reconciliation of net cash inflow to movement in net debt</b>					
Increase in cash in the period	7,159	12,401	17,269	4,746	8,303
Cash flow from decrease in debt and leasing finance	696,851	307,255	143,635	454,048	208,168
Cash flow from decrease in liquid resources	(669)	(2,772)	(530)	(443)	(1,947)
Movements in net debt from cash flows	703,341	316,884	160,374	458,351	214,524
Loans and finance leases acquired with subsidiary undertakings	(13,805)	(45,668)	(45,688)	(9,068)	(31,676)
Loan notes issued	-	(50,411)	(50,411)	-	(35,521)
New finance leases	(871,131)	(383,358)	(313,593)	(576,520)	(259,324)
Exchange adjustments	(19,526)	(6,092)	(6,131)	60,370	(21,726)
Movements in net debt	(201,121)	(168,645)	(255,449)	(66,867)	(133,723)
Net debt at beginning of period	(745,158)	(576,513)	(489,709)	(523,653)	(389,930)
<b>Net debt at end of the period</b>	<b>(946,279)</b>	<b>(745,158)</b>	<b>(745,158)</b>	<b>(590,520)</b>	<b>(523,653)</b>



## Notes to the Financial Statements

### 23 Notes to the consolidated cash flow statement continued (continued)

#### (iii) Analysis of net debt

	At 1 January 1999 euro'000	Cash flow euro'000	Movement in cash on short- term deposit euro'000	Other non-cash euro'000	Exchange adjustments euro'000	At 31 December 1999 euro'000
Cash	36,200	7,159	(1,398)	-	1,983	43,944
Debt due within one year	(387,129)	68,241	-	(13,805)	(5,921)	(338,614)
Debt due after one year	(247,662)	(84,921)	-	-	(4,412)	(336,995)
Finance leases	(150,758)	713,531	-	(871,131)	(11,751)	(320,109)
	(785,549)	696,851	-	(884,936)	(22,084)	(995,718)
Current asset investments	4,191	729	-	-	575	5,495
	(745,158)	704,739	(1,398)	(884,936)	(19,526)	(946,279)

	At 1 January 1999 £'000	Cash flow £'000	Movement in cash on short- term deposit £'000	Other non-cash £'000	Exchange adjustments £'000	At 31 December 1999 £'000
Cash	25,439	4,746	(927)	-	(1,835)	27,423
Debt due within one year	(272,051)	43,225	-	(9,068)	26,584	(211,310)
Debt due after one year	(174,042)	(57,747)	-	-	21,489	(210,300)
Finance leases	(105,944)	468,570	-	(576,520)	14,132	(199,762)
	(552,037)	454,048	-	(585,588)	62,205	(621,372)
Current asset investments	2,945	484	-	-	-	3,429
	(523,653)	459,278	(927)	(585,588)	60,370	(590,520)

Other non-cash movements represent the effect of the acquisitions made and the inception of new finance leases during the year.

Aegis Motor Insurance Limited, a subsidiary undertaking of the Group, is required by trust deed to maintain reserve cash deposit balances.

Such reserve balances amount to cash deposits of euro 7,439,000 (£4,642,000) (31 December 1998: euro 8,162,000 (£5,736,000)) and current asset investments of euro 5,495,000 (£3,429,000) (31 December 1998: euro 4,191,000 (£2,945,000)).

#### (iv) Purchase of subsidiary undertakings

The total cash consideration in respect of the acquisition of Bismark and Rhein-Ruhr was euro 12,209,000 (£8,018,000). Further details of total consideration are given in Note 11.

### 24 Majority shareholder

The Company's ultimate majority shareholder is s.a. D'leteren n.v. which is incorporated in Belgium. The ultimate controlling party of s.a. D'leteren n.v. is the D'leteren family. Avis Europe plc is the smallest company that consolidates the results of the Company and its subsidiary undertakings. s.a. D'leteren n.v. is the largest company that consolidates the results of the Company and its subsidiary undertakings.

Copies of s.a. D'leteren n.v.'s financial statements are available from Avis House, Park Road, Bracknell, Berkshire RG12 2EW.