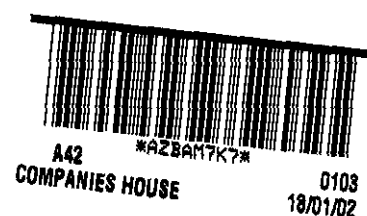


eBay (UK) Limited

(Registered number: 3726028)

Directors' Report and Financial Statements for the year ended 31 December 2000



eBay (UK) Limited

Directors' Report for the year ended 31 December 2000

The Directors submit their report and the audited financial statements of eBay (UK) Limited ("the Company") for the year ended 31 December 2000.

Results and Dividends

The profit for the financial period amounted to £102,000, which has been transferred to reserves. The Directors do not recommend the payment of a dividend.

Review of Business and Future Developments

eBay (UK) Limited is a subsidiary undertaking of eBay Inc., a global internet company incorporated in the USA, which offers an internet based personal trading community.

eBay (UK) Limited is a service provider for eBay International AG, another subsidiary undertaking of eBay Inc.. eBay (UK) Limited recommends market penetration and advertising strategies for the UK internet market place to eBay International AG. The Company's revenues are derived from intercompany sales of these services.

The Directors are satisfied with the results for the financial year and are confident that the business will continue to grow and develop in the future.

Directors and Their Interests

The Directors who served during the period were:

Brian Swette	(Appointed: 26 April 1999)
Mike Jacobson	(Appointed: 26 April 1999)
Scott Barnum	(Appointed: 26 April 1999; Resigned: 4 February 2000)

No Director had any interest in the shares of the Company at the beginning or end of the period.

eBay (UK) Limited

Directors' Report for the year ended 31 December 2000 (Continued)

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which 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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The Directors are responsible for keeping proper accounting records which 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 1985. 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.

Auditors

In accordance with S386(2) of the Companies Act 1985, PricewaterhouseCoopers will continue as auditors of the Company under the terms of an effective resolution passed by the Company.

By Order of the Board



Director

Registered Office
c/o Taylor Joynson Garrett
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0DX

4 Dec 2001

Auditors' Report to the Members of eBay (UK) Limited

We have audited the financial statements on pages 4 to 10.

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

4 December 2001

eBay (UK) Limited

Profit and Loss Account for the Year Ended 31 December 2000

	Note	Year ended 31 December 2000 £'000	Period ended 31 December 1999 £'000
Turnover	1	3,422	826
Cost of sales		(3,301)	(1,016)
Profit/(loss) on ordinary activities before interest and taxation	2	121	(190)
Interest income		6	1
Profit/(loss) on ordinary activities before taxation		127	(189)
Tax on profit on ordinary activities	4	(25)	-
Retained profit/(loss) for the financial year		102	(189)

The Company had no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

All turnover and operating losses arise from continuing operations.

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

eBay (UK) Limited

Balance Sheet at 31 December 2000

	<i>Note</i>	2000 £'000	2000 £'000	1999 £'000	1999 £'000
Fixed assets	5		150		141
Current assets					
Debtors: amounts falling due within one year	6	416		59	
Cash at bank and in hand		247		123	
		663		182	
Creditors: amounts falling due with one year	7	(916)		(527)	
Net current liabilities			(253)		(345)
Long term assets: amounts falling due after one year			17		17
Total assets less current liabilities			(86)		(187)
Provisions	8		-		(1)
Net liabilities			(86)		(188)
Capital and reserves					
Called up share capital	10		1		1
Profit and loss account	11		(87)		(189)
Total shareholders' funds	11		(86)		(188)

Approved by the Board on Dec. 4 2001 and signed on its behalf by:



Director

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

eBay (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2000

1 Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the revenue excluding VAT, from the providing of services to eBay International AG. Turnover is receivable from group companies. Per the services agreement between eBay International AG and the Company, expenses are recharged to eBay International AG, and are classified as Cost of Sales.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Depreciation

Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value over an asset's estimated useful life on a straight-line basis.

Fixed assets are depreciated at the following rates:

Computer equipment	-	33% per annum
Leasehold improvement	-	over the term of the lease
Computer software	-	100% per annum
Office furniture	-	100% per annum

Deferred taxation

Deferred tax liabilities are provided using the liability method in respect of timing differences only when it is probable that the liability will become payable within the foreseeable future. Deferred tax assets are not recognised.

Cashflow statement

In accordance with Financial Reporting Standard Number 1 (Revised 1996) ("Cashflow Statements"), the Company has not published a cashflow statement as it qualifies as a wholly owned subsidiary.

eBay (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2000

(Continued)

2 Operating profit/(loss)

Year ended 31 December 2000 £'000	Period ended 31 December 1999 £'000
--	--

The operating profit/(loss) is stated after charging:

Wages and salaries	618	106
Social security costs	59	10
Auditors' remuneration for audit services	9	3
Depreciation	65	13
Operating lease rentals – building	40	14

3 Directors and employees

The Directors have not received any emoluments for their services to the Company in respect of the period ended 31 December 2000.

Year ended 31 December 2000 £'000	Period ended 31 December 1999 £'000
--	--

Employee costs consist of:

Wages and salaries	618	106
Social security costs	59	10
Total	677	116

The average number of employees during the period was as follows:

	Year ended 31 December 2000 £'000	Period ended 31 December 1999 £'000
Management	4	2
Administration and operations	15	5
Total	19	7

eBay (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2000

(Continued)

4 Tax on ordinary activities

The charge for taxation is based upon the taxable profit for the year and comprises:

	Year ended 31 December 2000 £'000	Period ended 31 December 1999 £'000
UK corporation at 30%	25	-

5 Fixed assets

	Computer equipment £'000	Leasehold improvements £'000	Software £'000	Office Furniture £'000	Total £'000
Cost					
At 1 January 2000	26	121	7	-	154
Additions in the period	29	41	-	4	74
31 December 2000	55	162	7	4	228
Depreciation					
At 1 January 2000	(2)	(9)	(2)	-	(13)
Charge for the period	(14)	(42)	(5)	(4)	(65)
At 31 December 2000	(16)	(51)	(7)	(4)	(78)
Net Book Amount					
At 31 December 2000	39	111	-	-	150
Net Book Amount					
At 31 December 1999	24	112	5	-	141

6 Debtors

	2000 £'000	1999 £'000
Prepaid expenses	21	-
Other debtors	395	59
Total	416	59

eBay (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2000

(Continued)

7 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	49	91
Accruals	598	170
Amounts due to group undertakings	269	266
Total	916	527

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

8 Provisions

	2000 £'000	1999 £'000
Provision arising on eBay Inc. stock option plan	-	1

The provision relates to potential National Insurance charges arising on share options granted after 5 April 1999. At present the Company is responsible for paying this charge.

9 Operating lease commitments

At 31 December 2000 the Company had annual commitments under two non-cancellable operating leases which expire as follows:

	Land and buildings £'000
Within 1 year	140
Within 2 to 5 years	445
Total	585

eBay (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2000

(Continued)

10 Called up share capital

	2000 £	1999 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, issued and fully paid		
999 ordinary shares of £1 each	999	999

11 Reconciliation of movements in shareholders' funds

	Called up share capital £'000	Profit & loss account £'000	Total shareholders' funds £'000
At beginning of period	1	(189)	(188)
Issue of ordinary shares	-	-	-
Profit in period	-	102	102
At end of period	1	(87)	(86)

12 Ultimate parent company

The Company is a subsidiary undertaking of eBay Inc., a company incorporated in Delaware, USA. Copies of the eBay Inc. financial statements may be obtained from:

eBay Inc.
2145 Hamilton Avenue
San Jose CA
USA 95125

13 Financial support

The ultimate parent company, eBay Inc., has informed the Company that it intends to provide financial support to ensure that the subsidiary can meet its liabilities as and when they fall due.

14 Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard 8 from disclosing transactions with other group companies as more than 90% of the voting rights are controlled within the group.