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IVANHOE FUNDING LLC

Report and Financial Statements
For the year ended 31 March 2004

REGISTERED NUMBER: FC023789



IVANHOE FUNDING LLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Interest receivable and similar income	3	-	43,710,805
Interest payable and similar expense	4	-	(43,710,805)
Other loss	5	(895,166)	(710,703)
Loss on ordinary activities before taxation		<u>(895,166)</u>	<u>(710,703)</u>
Tax on loss on ordinary activities	6	-	(23,964,721)
Loss on ordinary activities after taxation		<u>(895,166)</u>	<u>(24,675,424)</u>
Retained loss carried forward		<u>(895,166)</u>	<u>(24,675,424)</u>

All recognised gains and losses are included in the profit and loss account. The loss on ordinary activities before taxation and loss on ordinary activities after taxation is derived from continuing activities. The notes on pages 3 to 5 form an integral part of these financial statements.

IVANHOE FUNDING LLC

BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £	2003 £
CURRENT ASSETS			
Cash		5,915,905	6,811,070
CREDITORS: Amounts falling due within one year	7	(52,833,034)	(52,833,033)
NET LIABILITIES		<u>(46,917,129)</u>	<u>(46,021,963)</u>
CAPITAL AND RESERVES			
Called up share capital	8	499,000	499,000
Profit and loss account		(54,326,501)	(53,431,335)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>(53,827,501)</u>	<u>(52,932,335)</u>
Called up share capital	8	6,910,372	6,910,372
TOTAL NON-EQUITY SHAREHOLDERS' FUNDS		<u>6,910,372</u>	<u>6,910,372</u>
TOTAL SHAREHOLDERS' FUNDS	9	<u>(46,917,129)</u>	<u>(46,021,963)</u>

A reconciliation of movement in shareholders' funds is given in Note 9.

The notes on pages 3 to 5 form an integral part of these financial statements.

The financial statements on pages 1 to 5 were approved by the Board of Directors on 27th April 2005.


David E. I. England
Director

IVANHOE FUNDING LLC

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards of the Accounting Standards Board and pronouncements of the Urgent Issues Task Force.

Overseas company

The financial statements have been prepared in accordance with the Companies Act 1985 applicable to overseas companies. The company has taken advantage of the modifications and exemptions from disclosure that are set out in the Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990.

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at average rates of exchange during the period unless a contracted rate applied. Assets and liabilities are translated at the exchange rate ruling at the balance sheet date except where rates of exchange are fixed under contractual arrangements. Exchange differences are taken to the profit and loss account as they arise.

2. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the Company during the period.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 March 2004	Year ended 31 March 2003
	£	£
Bond interest	-	43,710,805
	-	43,710,805

4. INTEREST PAYABLE AND SIMILAR EXPENSE

	Year ended 31 March 2004	Year ended 31 March 2003
	£	£
Payments under total return swap contracts	-	17,169,258
Interest paid on sale and repurchase agreement	-	26,541,547
	-	43,710,805

IVANHOE FUNDING LLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OTHER INCOME

	Year ended 31 March 2004	Year ended 31 March 2003
	£	£
Foreign exchange loss	(895,166)	(710,703)
Gain on sale of bonds	-	30,301,259
Loss on total return swap contracts	-	(30,243,902)
Breakage costs on sale and repurchase agreement	-	(57,357)
	<u>(895,166)</u>	<u>(710,703)</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 March 2004	Year ended 31 March 2003
	£	£
United Kingdom:		
Corporation tax charge for the year	-	23,964,721

The UK corporation tax charge is based on an effective UK corporation tax rate of 30%. The effective tax rate is different than the standard tax rate as a result of non-taxable items, prior year adjustments, and unutilised tax losses. These differences are explained below.

Profit on ordinary activities before taxation	(895,166)	(710,703)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(268,550)	(213,211)
Effects of:		
Prior Year Adjustment	-	254,397
Gain on disposal of bonds for tax purposes different from the book gain	-	23,923,535
Unutilised tax loss	268,550	-
Current tax charge	<u>-</u>	<u>23,964,721</u>

7. CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Amounts due to related party	52,833,034	52,833,033
	<u>52,833,034</u>	<u>52,833,033</u>

IVANHOE FUNDING LLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

Amounts due to a related party comprises an amount owing to a shareholder, The Bank of New York, in respect of payments to meet UK corporation tax obligations.

8. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised:		
Attributable to equity interests:		
375,000 ordinary 'A' shares of £1 each	375,000	375,000
124,000 ordinary 'B' shares of £1 each	124,000	124,000
Attributable to non-equity interests:		
6,910,372 preference shares of £1 each	6,910,372	6,910,372
Allotted and fully paid:		
Attributable to equity interests:		
375,000 ordinary 'A' shares of £1 each	375,000	375,000
124,000 ordinary 'B' shares of £1 each	124,000	124,000
Attributable to non-equity interests:		
6,910,372 preference shares of £1 each	6,910,372	6,910,372

The 'A' and 'B' ordinary shares have 51% and 49% voting rights respectively.

The holders of the 6,910,372 Preference shares are entitled to dividends at the rate of 4.0% per annum. The Preference shares are not redeemable and confer no right on the holders or on the Company to require their redemption.

In the event of a winding up the holders of the Preference shares are entitled to a sum equal to par plus accrued dividends in priority to all other shareholders. The Preference shares have no voting rights.

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Loss for the year	(895,166)	(24,675,424)
Decrease in shareholders' funds	(895,166)	(24,675,424)
Opening shareholders' funds	(46,021,963)	(21,346,539)
Closing shareholders' funds	(46,917,129)	(46,021,963)