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IVANHOE FUNDING LLC

FC023789

Report and Financial Statements

For the period 18 December 2001 to 31 March 2002

REGISTERED NUMBER: FC023789



IVANHOE FUNDING LLC

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 18 DECEMBER 2001 TO 31 MARCH 2002

	Notes	Period from 18 December 2001 to 31 March 2002 £
Income from fixed asset investments	3	(142)
Interest receivable and similar income	4	29,324,093
Interest payable and similar expense	5	(29,324,093)
Other income	6	113,108
Profit on ordinary activities before taxation		<hr/> 112,966
Tax on profit on ordinary activities	7	(28,868,313)
Loss on ordinary activities after taxation		<hr/> (28,755,347)
Dividends payable on A ordinary shares	8	(564)
Retained loss carried forward		<hr/> <hr/> (28,755,911)

All recognised gains and losses are included in the profit and loss account. The profit on ordinary activities before and loss on ordinary activities after taxation is derived from continuing activities. The notes on pages 4 to 6 form an integral part of these financial statements.

IVANHOE FUNDING LLC

BALANCE SHEET AS AT 31 MARCH 2002

	Notes	2002 £
FIXED ASSETS		
Investments	9	-
CURRENT ASSETS		
Cash		7,521,774
Debtors falling due within one year	10	7,694,329
Investments	11	155,961,616
CREDITORS: Amounts falling due within one year	12	(192,524,258)
NET LIABILITIES		<u>(21,346,539)</u>
CAPITAL AND RESERVES		
Called up share capital	13	499,000
Profit and loss account		(28,755,911)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>(28,256,911)</u>
Called up share capital	13	6,910,372
TOTAL NON-EQUITY SHAREHOLDERS' FUNDS		<u>6,910,372</u>
TOTAL SHAREHOLDERS' FUNDS	14	<u>(21,346,539)</u>

The notes on pages 4 to 6 form an integral part of these financial statements.

The financial statements on pages 2 to 6 were approved by the Board of Directors on 30 April 2003.


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.

The first accounting reference period of the Company runs from incorporation, on 18 December 2001, to 31 March 2002.

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.

Investment debt securities

Fixed asset and current asset investment debt securities are stated at cost less any provision for diminution in value. Fixed asset investment securities are intended for use on a continuing basis by the Company and have been identified as such. The cost of dated investment securities is adjusted for the amortisation of premiums on purchase over periods to redemption.

2. DIRECTORS' EMOLUMENTS

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

3. INCOME FROM FIXED ASSET INVESTMENTS

	Period from 18 December 2001 to 31 March 2002 £
Gilt interest	1,829
Amortisation of premium on purchase of Gilts	(411)
Loss on sale of Gilt	(1,560)
	<hr/>
	(142)

IVANHOE FUNDING LLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 18 December 2001 to 31 March 2002 £
Bond interest	29,324,093
	<hr/> 29,324,093 <hr/>

5. INTEREST PAYABLE AND SIMILAR EXPENSE

	Period from 18 December 2001 to 31 March 2002 £
Payments under total return swap contracts (see note 11)	13,656,106
Interest paid on sale and repurchase agreement	15,667,987
	<hr/> 29,324,093 <hr/>

6. OTHER INCOME

	Period from 18 December 2001 to 31 March 2002 £
Foreign exchange gain	113,108
Loss on sale of bonds	(41,321,297)
Gain on total return swap contracts	35,807,250
Breakage costs on sale and repurchase agreement	5,514,047
	<hr/> 113,108 <hr/>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period from 18 December 2001 to 31 March 2002 £
United Kingdom: Corporation tax charge for the period	28,868,313
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The tax charge is based on an effective UK corporation tax rate of 30%. The tax charge represents tax payable on the disposal of the European government bonds (see note 11) on 21 March 2002 for which the gain on disposal for tax purposes was different from the book gain.

IVANHOE FUNDING LLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. DIVIDENDS PAYABLE ON A ORDINARY SHARES

	Period from 18 December 2001 to 31 March 2002 £
A ordinary share dividends	564

9. FIXED ASSET INVESTMENTS

	2002 £
Acquired during period	367,263
Amortisation of premium on purchase of Gilts	(411)
Sold during the period	(366,852)
At 31 March 2002	-

On 18 December 2001, the Company purchased Gilts, which were sold during the period.

10. DEBTORS

Debtors falling due within one year	2002 £
Amounts receivable under total return swap contracts	5,411,560
Bond interest receivable	2,282,769
	7,694,329

11. CURRENT ASSET INVESTMENTS

	2002 £
Other investments	155,961,616

On 22 January 2002 the Company purchased a portfolio of European government bonds from Barclays Bank PLC and Royal Mint Court Investments Limited for £2,619,285,860. This purchase was funded by entering into a sale and repurchase agreement over the bonds with BNY International Financing Corporation. The Company hedged its risk in respect of these bonds by entering into a number of total return swaps, with The Bank of New York. On 21 March 2002 the majority of these bonds were disposed of to a third party. The other investments of £155,961,616 represent the remaining European government bonds.

IVANHOE FUNDING LLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. CREDITORS: Amounts falling due within one year

	2002 £
Sale and repurchase obligation (see note 11)	162,054,254
Corporation tax payable	28,868,313
Amounts payable under total return swap contracts	1,601,691
	<hr/> 192,524,258 <hr/>

13. CALLED UP SHARE CAPITAL

	2002 £
Authorised:	
Attributable to equity interests:	
375,000 ordinary 'A' shares of £1 each	375,000
124,000 ordinary 'B' shares of £1 each	124,000
Attributable to non-equity interests:	
6,910,372 preference shares of £1 each	6,910,372
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Allotted and fully paid:	
Attributable to equity interests:	
375,000 ordinary 'A' shares of £1 each	375,000
124,000 ordinary 'B' shares of £1 each	124,000
Attributable to non-equity interests:	
6,910,372 preference shares of £1 each	6,910,372
	<hr/>

On 18 December 2001, the Company authorised 375,000 ordinary 'A' shares of £1 each and on that date issued and allotted 375,000 fully paid ordinary shares at £1 par value each.

On 14 January 2002, the Company authorised 124,000 ordinary 'B' shares of £1 each and on that date issued and allotted 124,000 fully paid ordinary shares at £1 par value each.

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

On 17 January 2002, the Company authorised 6,910,372 preferred shares of £1 each and on that date issued and allotted 6,910,372 fully paid preference shares at £1 par value each.