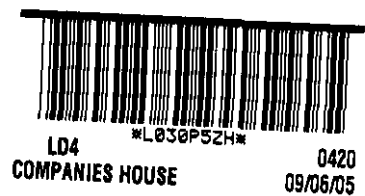


Registered no: 04151418

**eBay KTA (UK) Limited**

**Directors' Report and Financial Statements  
for the year ended 31 December 2004**



# **eBay KTA (UK) Limited**

## **Annual report for the year ended 31 December 2004**

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# **eBay KTA (UK) Limited**

## **Directors and advisers**

### **Directors**

Rajiv Dutta  
Jay Clemens

### **Secretary and registered office**

TJG Secretaries Limited  
50 Victoria Embankment  
London  
EC4Y 0DX

### **Registered Auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

# eBay KTA (UK) Limited

## Directors' Report for the year ended 31 December 2004

The Directors submit their report and the audited group financial statements of eBay KTA (UK) Limited ("the Company") for the period ended 31 December 2004.

The functional currency of eBay KTA (UK) Limited is U.S. Dollars. The financial statements are accordingly presented in U.S. Dollars.

### Results and Dividends

The loss for the financial period amounted to \$54.2 million (\$11.2m: 2003), which has been transferred to reserves. The Directors do not recommend the payment of a dividend.

### Review of Business and Future Developments

eBay KTA (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 KTA (UK) Limited was incorporated January 31, 2000.

eBay KTA (UK) Limited is a holding company and owns a 99.9% interest in Internet Auction Co., Ltd., a South Korean internet company publicly traded on the KOSDAQ exchange. The Company's consolidated revenues are principally derived from the sale of Internet Auction's services.

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

### Charitable and political donations

During the year the group made various charitable donations totalling \$25,253 (2002: \$12,553). The group made no political donations and were all to South Korean charities.

### Directors and Their Interests

The Directors who served during the period were:

Rajiv Dutta  
Jay Clemens

The beneficial interests of the directors in the Ordinary shares of eBay Inc, the Company's ultimate parent undertaking, are shown below.

	At 31 December 2004	At 31 December 2003
<b>Beneficial holdings</b>		
Rajiv Dutta	20,863	20,349
Jay Clemens	814	-

## eBay KTA (UK) Limited

Details of options granted to executive directors, under eBay Inc.'s existing equity compensation plans are set out in the table below. Full details of the executive share option scheme are disclosed in the financial statements of eBay Inc.

Option plan	At 31 December 2003	Granted during the period	Exercised during the period	At 31 December 2004	Exercise price (\$)	Option date	First exercisable date	Expire date
<b>Rajiv Dutta</b>								
1998	20,000			20,000	29.86	30/8/1999	30/8/2000	30/8/2009
1998	664,500			664,500	20.03	12/1/2001	20/7/2002	12/1/2011
2001	250,000		90,000	160,000	29.03	12/2/2002	12/8/2002	12/2/2012
2001	250,000			250,000	38.78	3/3/2003	1/9/2003	3/3/2013
2001	-	165,000		165,000	69.23	1/3/2004	1/9/2004	1/3/2014
<b>Jay Clemens</b>								
1998	100,000		100,000	-	29.86	30/8/1999	30/8/2000	30/8/2009
1998	3,750		3,750	-	24.28	1/8/2000	1/11/2000	1/8/2010
1998	16,316		16,316	-	20.03	12/1/2001	12/7/2001	12/1/2011
2001	66,000		26,000	40,000	29.03	12/2/2002	12/8/2002	12/2/2012
2001	120,000			120,000	38.78	3/3/2003	1/9/2003	3/3/2013
2001		65,000		65,000	69.23	1/3/2004	1/9/2004	1/3/2014

### Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business. The Directors confirm that the going concern basis is appropriate.

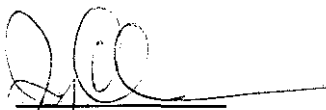
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

  
 Director  
 2005

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

We have audited the financial statements, which comprise the group profit and loss account, group and company balance sheets, the group statement of total recognised gains and losses and the related notes.

## Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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.

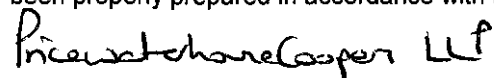
## Basis of Audit Opinion

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 2004 and the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London,

31 May

2005

# eBay KTA (UK) Limited

## Group Profit and Loss Account for the Period Ended 31 December 2004

	Note	2004 \$'000	2003 \$'000
Turnover	1,2	94,727	52,325
Cost of sales		(28,430)	(15,954)
<b>Gross profit</b>		<b>66,297</b>	<b>36,371</b>
Distribution costs		(25,716)	(10,911)
Administrative expenses		(86,936)	(28,135)
<b>Operating loss</b>	3	<b>(46,355)</b>	<b>(2,675)</b>
Interest receivable and other similar income	5	8,660	3,883
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(37,695)</b>	<b>1,208</b>
Tax on loss/(profit) on ordinary activities	6	(10,401)	(4,850)
<b>Loss on ordinary activities after taxation</b>		<b>(48,096)</b>	<b>(3,642)</b>
Minority interest		(6,119)	(7,579)
<b>Loss for the financial period</b>	18	<b>(54,215)</b>	<b>(11,221)</b>

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

All turnover and operating losses arise from continuing operations.

## eBay KTA (UK) Limited

### Group Statement of Total Recognised Gains and Losses for the Period Ended 31 December 2004

	Note	2004 \$'000	2003 \$'000
<b>Loss for the financial period</b>		<b>(54,215)</b>	<b>(11,221)</b>
Exchange differences on foreign currency translation	18	17,985	(1,499)
<hr/>			
<b>Total recognised losses for the financial period</b>		<b>(36,230)</b>	<b>(12,720)</b>



# eBay KTA (UK) Limited

## Group Balance Sheet at 31 December 2004

	Note	2004 \$'000	2003 \$'000
<b>Fixed assets</b>			
Intangible assets	8	531,157	120,130
Tangible assets	10	13,167	5,458
		<b>544,324</b>	125,588
<b>Current assets</b>			
Debtors: falling due after more than one year	12	12,550	10,124
Debtors: falling due within one year	12	16,774	7,277
Investments	13	36,490	48,474
Cash at bank and in hand		224,568	409,301
		<b>290,382</b>	475,176
<b>Creditors: amounts falling due within one year</b>	14	<b>(347,480)</b>	(40,324)
<b>Net current (liabilities)/assets</b>		<b>(57,098)</b>	434,852
<b>Total assets less current liabilities</b>		<b>487,226</b>	560,440
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(650)</b>	(1,195)
<b>Net assets</b>		<b>486,576</b>	559,245
<b>Capital and reserves</b>			
Called up share capital	17	560,000	560,000
Additional capital contribution	19	5,783	5,783
Profit and loss account	18	(79,287)	(43,057)
<b>Total shareholders' funds – equity interest</b>	19	<b>486,496</b>	522,726
<b>Minority interest – equity interest</b>		<b>80</b>	36,519
<b>Total capital employed</b>		<b>486,576</b>	559,245

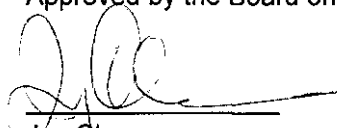
# eBay KTA (UK) Limited

## Company Balance Sheet at 31 December 2004

	Note	2004 \$'000	2003 \$'000
<b>Fixed assets</b>			
Investments	11	745,031	220,350
<b>Current assets</b>			
Debtors: due within one year	12	2,368	-
Cash at bank and in hand		94,970	347,885
		97,339	347,885
<b>Creditors: amounts falling due with one year</b>	14	(280,522)	(2,227)
<b>Net current (liabilities)/assets</b>		(183,183)	345,658
<b>Net assets</b>		561,848	566,008
<b>Capital and reserves</b>			
Called up share capital	17	560,000	560,000
Additional capital contribution	19	5,783	5,783
Profit and loss account	18	(3,935)	225
<b>Total shareholders' funds – equity interest</b>	19	561,848	566,008

The notes on pages 9 to 20 form part of these financial statements.

Approved by the Board on May 10, 2005 and signed on its behalf by:

  
Jay Clemens

# eBay KTA (UK) Limited

## Notes to the Financial Statements for the year ended 31 December 2004

### 1 Accounting policies

#### Accounting convention

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

#### Principles of consolidation and basis of presentation

The accompanying group financial statements are consolidated and include the financial statements of Internet Auction Co., Ltd., as it is majority-owned and the company has dominant influence over its operations. All significant inter-company balances and transactions have been eliminated on consolidation. The consolidated accounts include 100% of the assets and liabilities of this majority-owned subsidiary and the ownership interests of minority investors are recorded as minority interests.

#### Foreign Currency

The functional currency for the Group is US dollars. Our foreign subsidiary uses its local currency (South Korean Kwon) as its functional currency. The results of our foreign subsidiary are translated at the weighted average of monthly exchange rates. The balance sheet of our foreign subsidiary is translated at year-end exchange rates. The resulting exchange differences are recorded through the profit and loss account reserve. All other exchange differences including those arising on transactions entered into by eBay KTA(UK) Limited, are taken to the profit and loss account.

#### Turnover

Turnover represents the revenue from the sale of services by Internet Auction Co., Ltd., the majority owned subsidiary of eBay KTA(UK) Limited to unrelated third-party customers. The Company recognises the fee for providing online trading platform such as listing fee, feature fee and success fee as revenue. Listing fee and feature fee are recognised over the listing period on the website, and final value fee is recognised when buyers make purchase decisions.

#### 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	-	33% per annum

# eBay KTA (UK) Limited

## Acquisitions

On acquisition of a company, fair values reflecting conditions at the date of acquisition are attributed to separable assets and liabilities. Where the fair value of consideration paid exceeds the fair value of the identifiable assets and liabilities acquired the difference is treated as goodwill and is amortised through the consolidated profit loss account over management's estimate of its useful life being 5 years for the goodwill which has arisen to date.

## Deferred taxation

Deferred taxation is accounted for on an undiscounted basis at expected tax rates on all differences arising from the inclusion of items of income and expenditure in taxable computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of sustainable taxable profits from which the underlying timing differences can be deducted.

## Cash flow 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.

## Related Party Transactions

The Group has taken advantage of exemptions under FRS 8 not to disclose transactions between Group companies.

## 2 Turnover

All turnover arose within South Korea.

## 3 Operating loss

	Period ended 31 December 2004 \$'000	Period ended 31 December 2003 \$'000
The operating loss is stated after charging:		
Depreciation	5,762	3,412
Amortisation	69,287	19,495
Foreign exchange loss	1,852	149
Auditors' remuneration- audit	90	77
- non audit	-	-
Operating lease costs - land and buildings	328	193

The auditor's remuneration of \$27,000 (\$20,000) for the company for 2004 is paid by eBay Inc., the ultimate parent company.

Included within operating lease costs is an imputed charge in relation to an upfront rental deposit paid to the lessor. The rental deposit interest income earned by the lessor is in lieu of rental payments.

# eBay KTA (UK) Limited

## 4 Directors and employees

The Directors have not received any emoluments for their services to the Company in respect of the periods ended 31 December 2004 and 2003.

	Period ended 31 December 2004 \$'000	Period ended 31 December 2003 \$'000
Employee costs consist of:		
Wages and salaries	9,773	7,579
Social Security	301	229
Pension	265	189
<b>Total</b>	<b>10,339</b>	<b>7,997</b>

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

	Period ended 31 December 2004	Period ended 31 December 2003
Management	1	1
Administration and operations	227	185
<b>Total</b>	<b>228</b>	<b>186</b>

## 5 Interest receivable and other similar income

	Period ended 31 December 2004 \$'000	Period ended 31 December 2003 \$'000
Imputed interest income on rental deposits	328	193
Interest income on cash and investments	8,332	3,690
<b>Total</b>	<b>8,660</b>	<b>3,883</b>

# eBay KTA (UK) Limited

## 6 Tax on loss on ordinary activities

	Period ended 31 December 2004 \$'000	Period ended 31 December 2003 \$'000
<b>Current tax:</b>		
UK Corporation tax on (loss)/profits of the period	-	66
A foreign subsidiary tax on profits of the period	10,947	6,472
Total current tax	10,947	6,538
<b>Deferred tax:</b>		
A foreign subsidiary origination and reversal of timing differences	(546)	(1,688)
<b>Tax on loss on ordinary activities</b>	<b>10,401</b>	<b>4,850</b>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Period ended 31 December 2004 \$'000	Period ended 31 December 2003 \$'000
<b>(Loss)/Profit on ordinary activities before tax</b>	<b>(37,695)</b>	1,208
Loss on ordinary activities multiplied by standard rate in the UK		
30% (2003: 30%)	(11,309)	362
Effects of:		
Expenses not deductible for tax purposes	20,788	5,815
Temporary differences	619	(187)
Effect of different tax rate for a subsidiary in Korea	678	(77)
Loss carried forward applied to a subsidiary in Korea	-	(83)
Other	171	708
<b>Current tax charge for the period</b>	<b>10,947</b>	<b>6,538</b>

## 7 Loss of holding company

The loss of the holding company was approximately \$4,160,000 (profit in 2003: \$153,000).

The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the company alone.

# eBay KTA (UK) Limited

## 8 Intangible assets

	<b>Goodwill</b> <b>\$'000</b>
<b>Cost</b>	
At 1 January 2004	176,572
Additions in the year	480,312
<b>31 December 2004</b>	<b>656,884</b>
<b>Amortisation</b>	
At 1 January 2004	(56,440)
Charge for the year	(69,287)
<b>At 31 December 2004</b>	<b>(125,727)</b>
<b>Net Book Value</b>	
<b>At 31 December 2004</b>	<b>531,157</b>
At 31 December 2003	120,130

The goodwill arising on the acquisition of Internet Auction Co is being amortised on a straight-line basis over 5 years. This period is the period over which the directors estimate that the values of the underlying business acquired is expected to exceed the value of the underlying assets.

The goodwill additions in the period relate principally to goodwill arising on additional shares purchased in order to increase its ownership in Internet Auction Co Ltd to 99.9% (2003: 62.2%).

# eBay KTA (UK) Limited

## 9 Acquisitions

During the year eBay KTA (UK) Limited acquired further shares in Internet Auction Co Ltd (IAC). A further 37.7% of the ordinary share capital of IAC was acquired. The following table summarizes the purchase price for the tender offer closed during August and December 2004. There were no material fair value adjustments made on the acquisition. The acquisition of the additional common shares was accounted for using the purchase method of accounting.

	\$'000 August 04 Acquisition	\$'000 October 04 Acquisition	\$'000 December 04 Acquisition
<b>Fixed assets</b>			
Tangible assets	11,422	11,513	12,973
<b>Current assets</b>			
Debtors	22,941	25,088	33,165
Investments	45,990	46,009	46,005
Cash at bank and in hand	86,700	97,537	111,801
	155,631	168,634	190,971
Creditors: amounts due within one year	(47,902)	(57,183)	(65,986)
Creditors: amounts falling due after more than one year	(1,764)	(497)	(744)
Fair value of net assets	117,387	122,467	137,214
Percentage of assets acquired	34.84%	2.69%	0.13%
Net assets acquired	40,898	3,293	178
Total net assets acquired			44,369
Goodwill acquired			480,312
<b>Total consideration</b>			<b>524,681</b>
<b>Satisfied by:</b>			
Cash			522,401
Acquisition costs			2,280



# eBay KTA (UK) Limited

## 10 Tangible Assets

Group	Computer equipment \$'000	Software \$'000	Leasehold improvements \$'000	Furniture & fixture \$'000	Vehicles \$'000	Total \$'000
<b>Cost</b>						
At 1 January 2004	11,191	2,443	382	398	79	14,493
Additions	9,426	2,326	179	119	64	12,114
Disposals	(1,525)	(1,035)	-	(69)	(32)	(2,661)
Currency rate effect	2,575	511	76	65	14	3,241
<b>31 December 2004</b>	<b>21,667</b>	<b>4,245</b>	<b>637</b>	<b>513</b>	<b>125</b>	<b>27,187</b>
<b>Depreciation</b>						
At 1 January 2004	(6,833)	(2,000)	(43)	(109)	(50)	(9,035)
Charge for the year	(4,009)	(1,425)	(150)	(144)	(34)	(5,762)
Disposals	1,491	974	-	68	32	2,565
Currency rate effect	(1,377)	(359)	(21)	(23)	(8)	(1,788)
<b>At 31 December 2004</b>	<b>(10,728)</b>	<b>(2,810)</b>	<b>(214)</b>	<b>(208)</b>	<b>(60)</b>	<b>(14,020)</b>
<b>Net Book Amount</b>						
<b>At 31 December 2004</b>	<b>10,939</b>	<b>1,435</b>	<b>423</b>	<b>305</b>	<b>65</b>	<b>13,167</b>
At 31 December 2003	4,358	443	339	289	29	5,458

The company has no tangible fixed assets.

## 11 Fixed asset investments

	2004 Company \$'000	2003 Company \$'000
Shares in group undertakings	745,031	220,350
<b>Total</b>	<b>745,031</b>	<b>220,350</b>

The company's only investment is a 99.9% investment in Internet Auction Co Ltd, a South Korean Company publicly traded on the KOSDAQ exchange. During 2004, an additional 37.7% of the total share capital of Internet auction Co Ltd was acquired by the Group, which resulted in an increase of \$525 million in shares in group undertakings.

# eBay KTA (UK) Limited

## 12 Debtors

	2004	2003
	\$'000	\$'000
Debtors: amounts falling due within one year	Group	Group
Trade debtors	12,771	5,799
Prepaid expenses	351	183
Other debtors	3,652	1,295
	16,774	7,277
Debtors: amounts falling due after one year	12,550	10,124
<b>Total</b>	<b>29,324</b>	<b>17,401</b>

Debtors: amounts falling due after one year consists primarily of \$9.6 million and \$7.9 million of long-term deposits and \$2.5 million and \$1.7million of long-term deferred tax assets as of 31 December 2004 and 2003, respectively. The company's debtors due after more than one year of \$2,368k (\$Nil : 2003) comprised of deposits with financial institutions.

## Deferred Tax Asset

	2004	2003
	\$'000	\$'000
	Group	Group
At the beginning of the year	1,688	-
Charge for the year	546	1,688
Currency rate effect	291	-
<b>Deferred tax asset at the end of the year</b>	<b>2,525</b>	<b>1,688</b>

## 13 Current asset investments

	2004	2003
	Group	Group
	\$'000	\$'000
Other investments	36,490	48,474
<b>Total</b>	<b>36,490</b>	<b>48,474</b>

Other investments includes certified deposits and government securities.

# eBay KTA (UK) Limited

## 14 Creditors: amounts falling due within one year

	2004 Group \$'000	2003 Group \$'000
Trade creditors	52,920	21,591
Accruals	4,446	2,442
Amounts due to group undertakings	278,926	1,324
Foreign income tax payable	8,855	4,725
Deferred revenue	641	7,369
Other creditors	1,692	2,873
<b>Total</b>	<b>347,480</b>	<b>40,324</b>

	2004 Company \$'000	2003 Company \$'000
Amounts due to group undertakings	279,736	1,105
Accruals	786	1,122
<b>Total</b>	<b>280,522</b>	<b>2,227</b>

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

## 15 Creditors: amounts falling due after more than one year

	2004 \$'000 Group	2003 \$'000 Group
Amount due to Group undertakings	599	654
Other creditors	51	541
<b>Total</b>	<b>650</b>	<b>1,195</b>

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

## 16 Operating lease commitments

The group had annual commitments under non-cancellable operating leases as set out below:

	2004		2003	
	Land and buil \$'000	Other \$'000	Land and builc \$'000	Other \$'000
Operating leases which expire:				
Within 1 year	-	-	-	-
Between 2 to 5 years	302	-	300	-
After more than 5 years	-	-	-	-
<b>Total</b>	<b>302</b>	<b>-</b>	<b>300</b>	<b>-</b>

## 17 Called up share capital

# eBay KTA (UK) Limited

	2004 Group and Company \$'000	2003 Group and Company \$'000
<b>Authorised</b>		
560,000,000 ordinary shares of \$1 each (2003: 560,000,000)	560,000	560,000

<b>Called up, issued and fully paid</b>		
560,000,000 ordinary shares of \$1 each (2003: 560,000,000)	560,000	560,000

## 18 Profit and loss account

	2004 Group \$'000	2003 Group \$'000
At beginning of period	(43,057)	(30,337)
Exchange differences on foreign currency translation	17,985	(1,499)
Loss for the period	(54,215)	(11,221)
<b>At end of period</b>	<b>(79,287)</b>	<b>(43,057)</b>

	2004 Company \$'000	2003 Company \$'000
At beginning of period	225	72
Retained (loss)/ profit for the period	(4,160)	153
<b>At end of period</b>	<b>(3,935)</b>	<b>225</b>

## 19 Reconciliation of movements in shareholders' funds

	Called up share capital \$'000	Additional capital contribution \$'000	Profit & loss account \$'000	Total shareholders' funds 2004 \$'000	Total shareholders' funds 2003 \$'000
<b>Group accounts</b>					
At beginning of year	560,000	5,783	(43,057)	522,726	100,173
Issue of ordinary shares	-	-	-	-	430,000
Additional capital contributed by parent company	-	-	-	-	5,273
Net exchange adjustment	-	-	17,985	17,985	(1,499)
Loss in year	-	-	(54,215)	(54,215)	(11,221)
<b>At end of year</b>	<b>560,000</b>	<b>5,783</b>	<b>(79,287)</b>	<b>486,496</b>	<b>522,726</b>

## eBay KTA (UK) Limited

<b>Company accounts</b>	<b>Called up share capital \$'000</b>	<b>Additional capital contribution \$'000</b>	<b>Profit &amp; loss account \$'000</b>	<b>Total shareholders' funds 2004 \$'000</b>	<b>Total shareholders' funds 2003 \$'000</b>
At beginning of year	560,000	5,783	225	566,008	130,582
Issue of ordinary shares	-	-	-	-	430,000
Additional capital contributed by parent company	-	-	-	-	5,273
Profit in year			(4,160)	(4,160)	153
<b>At end of year</b>	<b>560,000</b>	<b>5,783</b>	<b>(3,935)</b>	<b>561,848</b>	<b>566,008</b>

### 20 Ultimate and immediate parent companies

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

The immediate parent company is eBay International A.G. which owns approximately 77% of the outstanding share capital of eBay KTA (UK) Limited. The remaining 23% of the outstanding share capital is owned by eBay Belgium Holdings S.A. Both eBay International A.G. and eBay Belgium Holdings S.A. are owned 100% by eBay Inc.

### 21 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.