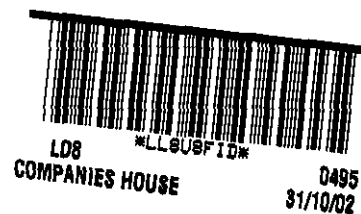


HADFIELDS HOLDINGS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE FINANCIAL YEAR ENDED
29 DECEMBER 2001



Registered No: 1722341

Hadfields Holdings Limited

Directors

British Steel Directors (Nominees) Limited

Mr A D P Milne

Mr R J Reeves

Secretary

Mrs A L Scandrett

Registered office

30 Millbank

London

SW1P 4WY

Hadfields Holdings Limited

Directors' Report for the year ended 29 December 2001

The directors present herewith their report and financial statements for the year ended 29 December 2001.

Principal activity, review of the business and future developments

The Company is an investment holding company and has not traded during the year. The result for the period was nil (period ending 30 December 2000: £nil).

No change in the Company's activities in the foreseeable future is envisaged.

Dividends

No dividend was paid during the year (Period ending 30 December 2000: Nil)

Directors & directors' interests

The directors of the Company during the year ended 29 December 2001 and who held office during the period are listed on page 1.

The interests of the directors at 29 December 2001 in the ordinary shares of Corus Group plc, the company's ultimate holding company, were:

	Shares	
	30 December 2000 Number	29 December 2001 Number
R J Reeves	32,367	441 32,808

	Options		
	30 December 2000 Number	Granted	29 December 2001 Number
R J Reeves	353,202	156,716	Lapsed/ Exercised (11,020) 498,898

The Company Register of Directors' interests which is open to inspection contains full details of directors' shareholdings and options to subscribe.

The directors had no interest, as defined by the Companies Act 1985, in the shares of any other member of the group during the year covered by these financial statements.


Hadfields Holdings Limited

**Directors' Report
for the year ended 29 December 2001 (continued)**

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'A.L. Scandrett', written in a cursive style.

A.L. Scandrett

**Secretary
29 October 2002**

Hadfields Holdings Limited

Statement of Directors' Responsibilities In Relation to Financial Statements

The following statement, which should be read in conjunction with the statement of auditors' responsibilities set out on page 5 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the year then ended.

The directors consider that in preparing the financial statements on pages 6 to 10 which have been prepared on a going concern basis, 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 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 Company and to prevent and detect fraud and other irregularities.

By order of the board



**A.L. Scandrett
Secretary**

29 October 2002

Hadfields Holdings Limited

Independent auditors' report to the members of Hadfields Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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.

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 the company's affairs at 29 December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London,
3/ October 2002

Hadfields Holdings Limited

Profit and Loss Account for the financial year ending 29 December 2001

	Year ended 29 December 2001 £	Period ended 30 December 2000 £
Profit on ordinary activities before and after taxation	<u>—</u>	<u>—</u>

The company has no recognised gains and losses other than as above and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 8 to 10 form part of these accounts

Hadfields Holdings Limited

Balance Sheet as at 29 December 2001

	Notes	29 December 2001 £	30 December 2000 £
Current assets			
Debtors	4	529,577	529,577
Investments	5	-	-
Creditors: Amounts falling due within one year	6	<u>(8,565,000)</u>	<u>(8,565,000)</u>
Net current liabilities		<u>(8,035,423)</u>	<u>(8,035,423)</u>
Capital and reserves			
Called up share capital	7	100,000	100,000
Profit and loss account		<u>(8,135,423)</u>	<u>(8,135,423)</u>
Shareholders' funds (equity)		<u>(8,035,423)</u>	<u>(8,035,423)</u>

The financial statements on pages 6 to 10 were approved by the Board of directors on 29 October 2002 and were signed on it's behalf by:-

R J Reeves
Director



The notes on pages 8 to 10 form part of these accounts.

Hadfields Holdings Limited

Notes to the accounts for the year ended 29 December 2001

1. Principal Accounting Policies

The financial statements have been prepared in accordance with the Companies' Act 1985 and applicable Accounting Standards in the UK. The more important accounting policies, which have been applied consistently, are set out below.

(i) Basis of accounting

The accounts are prepared in accordance with the historical cost convention. Group accounts have not been prepared as the Company is a wholly owned subsidiary of Corus Group plc.

(ii) Taxation

Corporation tax is provided on the profits for the period at the rate of taxation ruling during the period.

(iii) Fixed Asset Investments

Investments are stated at cost and provision is made for any permanent diminution in the value of investments.

(iv) Cash Flow Statement

In accordance with the exemption allowed by paragraph 5(a) of Financial Reporting Standard 1 (Revised 1996), a cash flow statement for the Company has not been provided.

(vi) Related Party Disclosures

In accordance with the exemption allowed by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with other member companies of the Corus Group or investees of the Group qualifying as related parties.

Hadfields Holdings Limited

Notes to the accounts for the year ended 29 December 2001

2. Expenses and audit fees

All expenses relating to the Company, including audit fees, have been borne by Corus UK Limited.

3. Directors Emoluments

No directors received any emoluments during the year in respect of their services to the company (Period ending 30 December 2000: £Nil). The Company has no employees other than the directors.

4. Debtors

	29 December 2001 £	30 December 2000 £
Amounts owed by parent company	<u>529,577</u>	<u>529,577</u>

The amounts owed by parent company are free of interest and do not have any fixed repayment terms.

5. Investments in subsidiary companies

At 29 December 2001, the investment in 100% of the ordinary share capital of Hadfields Limited, which is registered in England and Wales, was as follows:

	Ordinary Shares £	Deferred Shares £	Total £
<u>Cost</u>			
At 30 Dec 2000 and 29 Dec 2001	<u>4,348,841</u>	<u>5,000</u>	<u>4,353,841</u>
<u>Provisions</u>			
At 30 Dec 2000 and 29 Dec 2001	<u>4,348,841</u>	<u>5,000</u>	<u>4,353,841</u>
<u>Net Book Value</u>			
At 30 Dec 2000 and 29 Dec 2001	—	—	—

Hadfields Holdings Limited

Notes to the accounts for the year ended 29 December 2001

6. Creditors: Amounts falling due within one year

	2001	2000
	£	£
Unsecured loan stock	<u>8,565,000</u>	<u>8,565,000</u>

The unsecured loan stock carries interest at 10% per annum which has been waived by the stockholders until such time as the stockholders jointly notify the Company to the contrary. The loan stock is payable on demand.

7. Share Capital

	29 December 2001 and 30 December 2000	
	Authorised	Allotted called up and fully paid
	£	£
100,000 Ordinary shares of £1	<u>100,000</u>	<u>100,000</u>

8. Financial Support

The parent undertaking has agreed to provide financial support to enable the Company to meet its liabilities as and when they fall due.

9. Ultimate holding company

The Company is a 62.5% subsidiary of Corus UK Limited, a company registered in England and incorporated in England and Wales. The registered office of Corus UK Limited is at 30 Millbank, London SW1P 4WY. Copies of Corus UK Limited's consolidated financial statements may be obtained from the Secretary at the registered office.

The Company's ultimate parent and controlling party is Corus Group plc. The registered office of Corus Group plc is at 30 Millbank, London SW1P 4WY. Copies of Corus Group plc consolidated financial statements may be obtained from the Secretary at the registered office.