

Corus International Trading Limited

Directors and advisers

Directors

Mr C D Gardner
Mr K Wilkinson
Mr S W Lindsay (Chairman)

Secretary

Mrs A L Scandrett

Registered Office

30 Millbank
London
SW1P 4WY

Registered Number

2755939

Auditors

PricewaterhouseCoopers LLP
19 Cornwall Street
Birmingham
B3 2DT

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Corus International Trading Limited

Directors' report for the 12 months ended 3 January 2004

The directors present herewith their report and audited financial statements for the period ended 3 January 2004.

Principal activities

The principal activity of the business is the performance of world-wide trade in steel.

Review of business and main activities

The profit and loss account for the period is set out on page 7.

The directors do not recommend the payment of a dividend (12 months to 28 December 2002 - £Nil). The profit of £573,177 (2002 loss: £338,081) will be transferred to reserves.

The 12 month period to 3 January 2004 saw Corus International Trading Limited return to profitability as a result of improved risk management, an enhanced trading team and a strengthening world economy. Corus International Trading Limited are well placed to take advantage of the improving international steel market in 2004.

Directors

The directors of the company at 3 January 2004 are listed on page 1.

Corus International Trading Limited

Directors' report for the 12 months ended 3 January 2004 (continued)

Directors' interests in shares

The interests of the directors at 3 January 2004 in the ordinary shares of Corus Group plc, the company's ultimate holding company at that date, were as follows:

	<u>Ordinary Shares</u>	
	3 Jan 2004	28 Dec 2003
	Number	Number
Mr C Gardner	11,313	3,339
Mr K Wilkinson	4,686	1,496
Mr S W Lindsay	267	267

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

Directors' interests in share options

The Corus Executive Share Option Scheme is for senior executives of Corus Group plc and the share options are exercisable between the third and tenth anniversary of the grant. Prices at which options are granted are the average of the market value of an ordinary share on the London Stock Exchange on the three business days immediately preceding the date of grant.

The interests of the directors in share options and movements during the year are shown below. Options outstanding at 8 December 2003 were adjusted, in line with other employee options, as a result of the placing and open offer.

The interests of the directors in these share options schemes were as follows:-

Executive Scheme	No. of options at start of year	During the year		No. of options at end of year
		Granted	Exercised	
Mr C Gardner	230,701	-	-	237,832
Mr K Wilkinson	412,454	-	-	425,204
Mr S W Lindsay	137,912	-	-	142,174

Sharesave Scheme	No. of options at start of year	During the year				No. of options at end of year
		Granted	Cancelled	Exercised	Lapsed	
Mr C Gardner	22,674	-	-	-	-	23,378
Mr K Wilkinson	10,458	-	-	-	-	10,783
Mr S W Lindsay	13,016	-	-	-	-	13,420

Corus International Trading Limited

Directors' report

for the year ended 3 January 2004 (continued)

Payment to Creditors

It is the policy of the company to establish terms of payment with suppliers when agreeing the terms of business transactions. The aim is to deliver funds to suppliers when due, either by cheque or other means of payment.

Trade creditors days as at the period end are 28 days (2002:33 days). This reduction compared to last year reflects the reduction in credit terms offered by suppliers.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

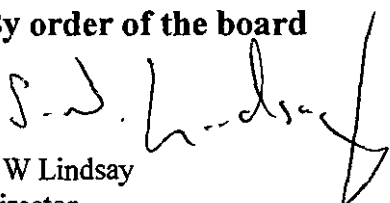
Directors' responsibilities

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 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 the preparation of the financial statements for the 12 months ended 3 January 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.

By order of the board


S W Lindsay
Director

26 October 2004

Corus International Trading Limited

Independent auditors' report to the members of Corus International Trading Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheets and the related notes which have been prepared under the historic cost convention and the accounting policies set out on pages 9 to 10.

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 into 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.

Corus International Trading Limited

Independent auditors' report to the members of Corus International Trading Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 3 January 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Birmingham

29 October 2004

Corus International Trading Limited

Profit and loss account

for the 12 months ended 3 January 2004

	Notes	Group 12 months to 3 Jan 2004 £	Group 12 months to 28 Dec 2002 £
Turnover	2	137,863,280	144,853,927
Operating costs	3	<u>(136,993,329)</u>	<u>(145,025,358)</u>
Profit/(loss) on ordinary activities before interest		869,951	(171,431)
Interest receivable	4	44,438	20,062
Interest payable	5	<u>(299,273)</u>	<u>(204,807)</u>
Profit/(loss) on ordinary activities before taxation		615,116	(356,176)
Taxation	6	(41,939)	18,095
Profit/(loss) for the period		<u><u>573,177</u></u>	<u><u>(338,081)</u></u>

The above results relate wholly to continuing operations.

The company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of recognised gains and losses has been presented.

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

Reconciliation of movement in equity shareholders' funds

for the 12 months ended 3 January 2004

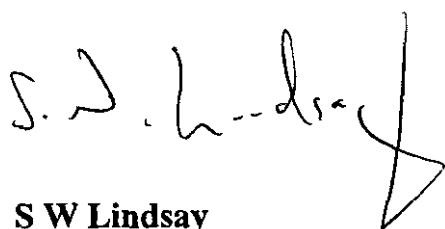
	Group 3 Jan 2004 £	Group 28 Dec 2002 £
Opening equity shareholders' funds	4,192,600	4,530,681
Profit/(loss) for the period	<u>573,177</u>	<u>(338,081)</u>
Closing equity shareholders' funds	<u><u>4,765,777</u></u>	<u><u>4,192,600</u></u>

Corus International Trading Limited

Balance sheet As at 3 January 2004

	Notes	Group 3 Jan 2004 £	Company 3 Jan 2004 £	Group 28 Dec 2002 £	Company 28 Dec 2002 £
Fixed Assets					
Investments	18	-	2	-	2
Current Assets					
Stocks	10	8,077,384	4,756,946	6,659,475	5,289,501
Debtors: amounts falling due within one year	11	16,562,193	10,011,098	28,061,983	22,880,187
Debtors: amounts falling due after more than one year	11	68,893	84,624	150,055	150,055
Cash at bank and in hand		3,985,158	1,568,946	700	700
		<u>28,693,628</u>	<u>16,421,614</u>	<u>34,872,213</u>	<u>28,320,443</u>
Creditors:					
amounts falling due within one year	12	(23,927,851)	(11,818,627)	(30,679,613)	(24,164,545)
Total assets		<u>4,765,777</u>	<u>4,602,989</u>	<u>4,192,600</u>	<u>4,155,898</u>
Capital & Reserves					
Called up share capital	13	1,657,666	1,657,666	1,657,666	1,657,666
Profit & loss account	14	3,108,111	2,945,323	2,534,934	2,498,232
		<u>4,765,777</u>	<u>4,602,989</u>	<u>4,192,600</u>	<u>4,155,898</u>

The financial statements were approved by the Board on 26 October 2004 and signed on its behalf.



S W Lindsay

Director

26 October 2004

The notes on pages 9 to 17 form part of these financial statements.

Corus International Trading Limited
Notes to the financial statements
for the 12 months ended 3 January 2004

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the company and its subsidiary. This has been accounted for under the gross equity method of consolidation. The profits or losses of subsidiaries are included from the date of acquisition or up to the date of their disposal.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover, which excludes value added tax, represents the sales value of all goods despatched during the period. The point of recognition of sale is recognised as the date of shipment.

Corus International Trading Limited
Notes to the financial statements
for the 12 months ended 3 January 2004 (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. The deferred tax assets and liabilities recognized have been discounted.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the year end, or where appropriate at forward contract rates. Exchange rate differences are taken to the profit and loss account.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The expected cost of providing pension benefits is charged to the profit and loss account so as to spread the cost over the expected average remaining service lives of employees. Further details are given in note 15.

Cashflow

The financial statements do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirements to prepare such a statement under Financial Reporting Standard Number 1 (Revised) "Cash Flow Statements".

Software costs

Software costs are expensed as incurred.

Fixed asset investments

Investments are stated at cost less provision for diminution in value where appropriate.

Corus International Trading Limited
Notes to the financial statements
for the 12 months ended 3 January 2004 (continued)

2 Turnover

Geographical market analysis of turnover by destination is set out below:

	Group 12 months to 3 Jan 2004 £	Group 12 months to 28 Dec 2002 £
United Kingdom	16,589,765	80,721,514
European Union (excluding UK)	17,038,149	19,554,075
Europe (excluding EU)	30,017,072	12,365,300
North America	33,206,164	12,865,155
Central/South America	1,837,761	1,761,372
Africa	10,263,036	6,219,565
Asia	28,911,333	11,366,946
	<u>137,863,280</u>	<u>144,853,927</u>

Included in the above:

Sales to Corus group companies	<u>19,346,409</u>	<u>96,013,854</u>
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3 Operating costs

	Group 12 months to 3 Jan 2004 £	Group 12 months to 28 Dec 2002 £
Changes in stocks of finished goods	(1,417,909)	(6,659,475)
Raw materials and consumables	127,014,916	144,646,494
Other external charges	3,339,237	2,857,022
Employment costs	1,443,663	1,229,816
Other operating charges	6,613,422	2,951,501
	<u>136,993,329</u>	<u>145,025,358</u>

The above costs are stated after charging:

Operating leases - land and buildings	76,421	66,492
Auditors remuneration	<u>12,985</u>	<u>16,745</u>

Corus International Trading Limited
Notes to the financial statements
for the 12 months ended 3 January 2004 (continued)

4 Interest receivable

	Group 12 months to 3 Jan 2004 £	Group 12 months to 28 Dec 2002 £
Other interest receivable	44,438	20,062

5 Interest payable

	Group 12 months to 3 Jan 2004 £	Group 12 months to 28 Dec 2002 £
Interest owed to group companies	(299,273)	(204,807)

6 Taxation

	Group 12 months to 3 Jan 2004 £	Group 12 months to 28 Dec 2002 £
United Kingdom Corporation Tax at 30%	60,902	-
Prior Year	(108,003)	-
Current Tax	(47,101)	-
Origination and reversal of timing differences	101,323	446
Increase/(Decrease) in discount	(12,283)	(18,541)
Deferred Tax	89,040	(18,095)
	41,939	(18,095)

The current tax charge reconciles with the standard rate of Corporation tax as follows:

Tax on result at standard rate of 30%	184,534	(106,853)
Accelerated timing differences	(335)	(446)
Other	-	-
Prior year tax charge	(108,003)	-
Permanent differences	(123,297)	107,299
	(47,101)	-

Corus International Trading Limited
Notes to the financial statements
for the 12 months ended 3 January 2004 (continued)

7 Result of the company

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial year is £447,091.

8 Employees

	Group 12 months to 3 Jan 2004 £	Group 12 months to 28 Dec 2002 £
Total costs of all employees in the company were:		
Wages and salaries	1,346,517	1,162,965
Social security costs	90,852	54,302
Other pension costs	6,294	12,549
	<u>1,443,663</u>	<u>1,229,816</u>

The average weekly number of employees of the company during the period were:

	Group 3 Jan 2004 Number	Group 28 Dec 2002 Number
Management	5	5
Staff	17	15
	<u>22</u>	<u>20</u>

9 Emoluments of directors

No director received or waived any remuneration during the 12 month period (12 months to 28 Dec 2002: £Nil) in respect of his services.

The emoluments of the directors are borne by the ultimate parent company and are deemed to be wholly attributable to services to that company. No recharge is made to this company.

10 Stocks

	Group 3 Jan 2004 £	Company 3 Jan 2004 £	Group 28 Dec 2002 £	Company 28 Dec 2002 £
Finished goods and goods for resale	8,077,384	4,756,946	6,659,475	5,289,501

There is no material difference between the cost of stock as stated and its replacement cost.

The stock value of £4,756,946 at 03 January 2004 relates entirely to goods in transit as at that date.

Corus International Trading Limited
Notes to the financial statements
for the 12 months ended 3 January 2004 (continued)

11 Debtors

	Group	Company	Group	Company
	3 Jan 2004	3 Jan 2004	28 Dec 2002	28 Dec 2002
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	11,064,312	4,459,182	13,392,110	10,364,865
Amounts owed by group companies	3,298,531	3,352,566	14,550,292	12,368,812
Other debtors	2,199,350	2,199,350	119,581	146,510
	<u>16,562,193</u>	<u>10,011,098</u>	<u>28,061,983</u>	<u>22,880,187</u>
Amounts falling due after one year:				
Deferred tax asset	61,015	61,015	150,055	150,055
Corporation Tax	7,878	23,609	-	-
Total Debtors	<u>16,631,086</u>	<u>10,095,722</u>	<u>28,212,038</u>	<u>23,030,242</u>

Deferred tax

The movement on the deferred tax assets is as follows:

	Group	Company	Group	Company
	3 Jan 2004	3 Jan 2004	28 Dec 2002	28 Dec 2002
	£	£	£	£
At the beginning of the period	150,055	150,055	131,960	131,960
Profit & loss account	(89,040)	(89,040)	18,095	18,095
At end of period	<u>61,015</u>	<u>61,015</u>	<u>150,055</u>	<u>150,055</u>
ACA	1,004	1,004	1,339	1,339
Losses	61,912	61,912	162,900	162,900
	<u>62,916</u>	<u>62,916</u>	<u>164,239</u>	<u>164,239</u>
Discount	(1,901)	(1,901)	(14,184)	(14,184)
	<u>61,015</u>	<u>61,015</u>	<u>150,055</u>	<u>150,055</u>

Corus International Trading Limited
Notes to the financial statements
for the 12 months ended 3 January 2004 (continued)

12 Creditors: Amounts falling due within one year:

	Group	Company	Group	Company
	3 Jan 2004	3 Jan 2004	28 Dec 2002	28 Dec 2002
	£	£	£	£
Trade creditors	2,916,267	430,130	14,264,288	11,276,541
Amounts owed to group companies	19,936,451	10,530,253	15,793,007	12,483,646
Corporation Tax	-	-	39,175	23,443
Other creditors	1,075,133	858,244	583,143	380,915
	23,927,851	11,818,627	30,679,613	24,164,545

13 Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	Group	Company	Group	Company
	28 Dec 2002 & 3 Jan 2004	28 Dec 2002 & 3 Jan 2004	28 Dec 2002 & 3 Jan 2004	28 Dec 2002 & 3 Jan 2004
	£	£	£	£

The share capital of the company is shown below:

Ordinary shares of £1 each	1,657,666	1,657,666	1,657,666	1,657,666
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14 Reserves

	Group profit & loss account	Company profit & loss account
	£	£
At 28 December 2002	2,534,934	2,498,232
Profit for the period	573,177	447,091
At 3 January 2004	3,108,111	2,945,323

Corus International Trading Limited
Notes to the financial statements
for the 12 months ended 3 January 2004 (continued)

15 Pension and similar obligations

Certain employees of the company participated in a group pension scheme operated by Corus Group plc at 3 January 2004. This is a funded, defined benefit scheme providing benefits based on final pay and service at retirement. The scheme is operated under trust and its assets invested independently of the group.

This scheme was established on 1 October 1990 and members of the previous scheme transferred their benefits into the scheme. The fund is valued every three years by a professionally qualified independent actuary. The latest assessment of the scheme was at 31 March 1999. Details of this assessment are disclosed in the accounts of Corus Group plc, the ultimate holding company at 2 October 1999. Pensions are accounted for following the principles of SSAP 24. The measurement criteria of FRS 17 have not been adopted early. The pension costs of Corus International Trading Limited for the 12 month period ended 3 January 2004 were £6,294 (12 months ended 28 December 2002 £12,549).

16 Financial commitments

At 3 January 2004 the company had annual commitments under non-cancellable operating leases as follows:

	3 Jan 2004	28 Dec 2002
	Land and	Land and
	buildings	buildings
	£	£
Expiring:		
In less than 1 year	-	48,576

17 Ultimate holding company

At 3 January 2004, the directors regarded Corus Group plc, a company registered and incorporated in Great Britain, as the ultimate holding company and controlling party. The registered office of Corus Group plc was 30 Millbank, London SW1P 4WY. Copies of the financial statements of this company and the group may be obtained from this address.

18 Principal subsidiary undertakings and joint ventures

Corus International Trading Limited holds 100% of the equity and shares of Industrial Steels Limited, which is incorporated in England and Wales. Industrial Steels Limited principal activity is the performance of world-wide trade in steel, with the majority of sales operations in North America.

Corus International Trading Limited
Notes to the financial statements
for the 12 months ended 3 January 2004 (continued)

19 Related Party Transactions

Corus International Trading Limited is a wholly owned subsidiary of Corus Group Plc, the consolidated accounts of which are publicly available. All intercompany transactions are eliminated on consolidation and therefore an FRS 8 exemption has been taken with regard to Related Party Transactions.