

Corus International Trading Limited

Directors report and financial statements
for the year ended 31 December 2005

Registered number: 2755939



Corus International Trading Limited

Directors' report and financial statements for the year ended 31 December 2005

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Corus International Trading Limited

Directors and advisers for the year ended 31 December 2005

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

Auditors

PricewaterhouseCoopers LLP
Birmingham
B3 2DT

Corus International Trading Limited

Directors' report for the 12 months ended 31 December 2005

The directors present herewith their report and audited financial statements for the period ended 31 December 2005.

Principal activities

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

Review of business and future 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 1 January 2005: £Nil). The profit of £1,948,000 (2004: £5,943,000) will be transferred to reserves.

The 12 month period to 31 December 2005 began strongly, however, during the course of the year there was a significant reduction in steel prices which resulted in the lower profit level declared this year.

It is anticipated that Corus International Trading Limited will continue to trade in steel and related materials in the global market for the foreseeable future.

Directors

The directors of the company at 31 December 2005 are listed on page 1.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and foreign exchange risk. Most of the company's purchases and sales are denominated in US dollars or Euros. All risks associated with foreign exchange are borne by the parent company. The company also seeks to limit the adverse effects on financial performance by monitoring levels of debt finance and the related finance costs.

The policies set by the board of directors are monitored by the finance committee and implemented by the company's finance department.

Price risk

The company has no exposure to commodity price risk or equity securities price risk.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Deposits of surplus funds are limited to approved institutions.

Corus International Trading Limited

Directors' report for the 12 months ended 31 December 2005 (continued)

Liquidity risk

The finance department actively maintains short-term debt finance that is designed to ensure the company has sufficient available funds for operations.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets are cash balances which earn interest at a floating rate of interest. Interest bearing liabilities are loans from parent company which bear interest at floating rate of interest. The company has a policy of maintaining debt at a floating rate of interest to match interest charge to income and obtain the most favourable market rate. The directors will revisit this policy should there be a fundamental shift in market conditions.

Directors' interests in shares

The interests of the directors at 31 December 2005 in the ordinary shares of Corus Group plc, the company's ultimate holding company at that date, were as follows:

Ordinary shares	1 January 2005				31 December 2005
	Number	Acquired	Disposed	Number	
Mr C Gardner	14,818	-	14,818	-	
Mr K Wilkinson	6,088	1,205	-	7,293	
Mr S W Lindsay	35,267	-	35,267	-	

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.

Corus International Trading Limited

Directors' report for the year ended 31 December 2005 (continued)

Directors' interests in share options (continued)

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	Lapsed	
Mr C Gardner	237,833	-	-	9,875	227,958
Mr K Wilkinson	394,526	-	-	26,862	367,664
Mr S W Lindsay	142,175	-	-	-	142,175

Sharesave Scheme	No. of options at start of year	During the year			No. of options at end of year
		Granted	Exercised	Lapsed	
Mr C Gardner	6,866	23,378	-	-	30,244
Mr K Wilkinson	8,917	-	-	-	8,917
Mr S W Lindsay	22,294	-	-	-	22,294

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 16 days (2004: 45 days). The reason for the decreased creditor days was the reduced utilisation of bank financing of purchases.

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 the group and of the profit or loss of the company and the group 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 31 December 2005 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

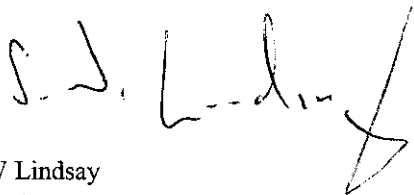
Corus International Trading Limited

Directors' report for the year ended 31 December 2005 (continued)

Auditors

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

By order of the board

A handwritten signature in black ink, appearing to read 'S W Lindsay', with a large, stylized flourish at the end.

S W Lindsay
Director
26th October 2006

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

We have audited the financial statements of Corus International Trading Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

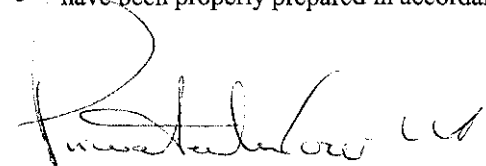
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the group at 31 December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

30 October 2006

Corus International Trading Limited

Group profit and loss account for the 12 months ended 31 December 2005

	Notes	Group 2005 £000	Group 2004 £000
Turnover	2	331,981	263,805
Operating costs	3	(328,824)	(254,605)
Operating profit		3,157	9,200
Interest receivable	4	-	8
Interest payable	5	(372)	(716)
Profit on ordinary activities before taxation		2,785	8,492
Taxation	6	(837)	(2,549)
Profit for the period	15	1,948	5,943

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 for the period stated above, and their historical cost equivalents.

Corus International Trading Limited

Reconciliation of movement in equity shareholders' funds for the 12 months ended 31 December 2005

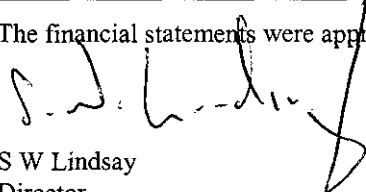
	Group	Group
	2005	2004
	£000	£000
Opening equity shareholders' funds	10,708	4,765
Profit for the period	1,948	5,943
Closing equity shareholders' funds	12,656	10,708

Corus International Trading Limited

Balance sheet as at 31 December 2005

		Group	Company	Group	Company
	Notes	2005	2005	2004	2004
		£000	£000	£000	£000
Fixed assets					
Investments	18	-	-	-	-
Current assets					
Stocks	10	4,372	4,372	29,057	9,123
Debtors: amounts falling due within one year	11	30,860	19,028	42,155	22,786
		35,232	23,400	71,212	31,909
Creditors: amounts falling due within one year	12	(21,183)	(15,816)	(60,237)	(25,165)
Total assets less current liabilities		14,049	7,584	10,975	6,744
Provisions for liabilities and charges	13	(1,393)	-	(267)	-
Net assets		12,656	7,584	10,708	6,744
Capital & reserves					
Called up share capital	14	1,657	1,657	1,657	1,657
Profit & loss account	15	10,999	5,927	9,051	5,087
Equity shareholders' funds		12,656	7,584	10,708	6,744

The financial statements were approved by the Board on 26th October 2006 and signed on its behalf.


S W Lindsay
Director
26th October 2006

The notes on pages 10 to 17 form part of these financial statements.

Corus International Trading Limited

Notes to the financial statements for the year ended 31 December 2005

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.

Changes in accounting policy

The company has adopted FRS 17, 'Retirement benefits', FRS 21, 'Events after the balance sheet date', FRS 25, 'Financial instruments: disclosure and presentation', and FRS 28 'Corresponding amounts' in these financial statements. The adoption of these standards represents a change in accounting policy and, where relevant, the comparative figures have been restated accordingly.

The adoption of the above standards has had no effect on these financial statements.

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.

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 recognised have been discounted.

Foreign currency translation

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover contracts have been arranged, at the contracted rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account.

Corus International Trading Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

1 Principal accounting policies (continued)

Financial instruments

The group's ultimate parent company Corus Group Plc, uses derivative financial instruments to hedge the group's exposure to fluctuations in foreign exchange rates. Gains and losses on foreign currency hedges are recognised on maturity of the underlying transaction in the financial statements of Corus Group Plc. All costs and risks associated with these are borne by Corus Group Plc.

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 16.

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 year ended 31 December 2005 (continued)

2 Turnover

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

	Group 2005 £000	Group 2004 £000
United Kingdom	17,857	29,419
European Union (excluding UK)	53,565	49,435
Europe (excluding EU)	70,488	23,843
North America	81,862	120,203
Central/South America	10,699	3,426
Africa	19,014	8,771
Asia	78,496	28,708
	331,981	263,805

Included in the above:

Sales to group companies	37,633	59,270
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3 Operating costs

	Group 2005 £000	Group 2004 £000
Changes in stocks of finished goods	24,361	(20,980)
Raw materials and consumables	279,844	255,903
Other external charges	13,077	1,676
Employment costs	817	1,331
Other operating charges	10,725	16,675
	328,824	254,605

The above costs are stated after charging:

Operating leases - land and buildings	89	84
Auditors remuneration	16	12

Corus International Trading Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

4 Interest receivable

	Group	Group
	2005	2004
	£000	£000
Other interest receivable	-	8

5 Interest payable

	Group	Group
	2005	2004
	£000	£000
Interest payable to group companies	372	716

6 Taxation

	Group	Group
	2005	2004
	£000	£000
United Kingdom Corporation Tax at 30% (2004: 30%)	836	2,489
Current tax	836	2,489
Origination and reversal of timing differences	1	62
Increase/(decrease) in discount	-	(2)
Deferred tax	1	60
	837	2,549

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

Tax on result at standard rate of 30% (2004: 30%)	835	2,547
Other	-	(61)
Permanent differences	1	3
	836	2,489

Corus International Trading Limited

Notes to the financial statements for the year ended 31 December 2005 (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 £840,000 (2004: £2,142,000).

8 Employees

	Group	Group
	£000	£000
Total costs of all employees in the company were:		
Wages and salaries	715	1,231
Social security costs	102	99
Other pension costs	-	-
	817	1,330

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

	Group	Group
	2005	2004
	Number	Number
Management	3	5
Staff	11	22
	14	27

9 Emoluments of directors

No director received or waived any remuneration during the 12 month period (12 months to 1 Jan 2005: £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.

Corus International Trading Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

10 Stocks

	Group	Company	Group	Company
	2005	2005	2004	2004
	£000	£000	£000	£000
Finished goods and goods for resale	4,372	4,372	29,057	9,123

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

The stock value of £4,372,000 (company: £4,372,000) at 31 December 2005 relates entirely to goods in transit as at that date.

11 Debtors

	Group	Company	Group	Company
	2005	2005	2004	2004
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	19,217	14,202	31,259	18,794
Amounts owed by group companies	11,636	4,819	10,538	3,634
Other debtors	7	7	357	357
Deferred tax asset	-	-	1	1
Total debtors	30,860	19,028	42,155	22,786

Deferred tax

The movement on the deferred tax assets is as follows:

	Group	Company	Group	Company
	2005	2005	2004	2004
	£000	£000	£000	£000
At the beginning of the period	1	1	61	61
Profit & loss account	(1)	(1)	(60)	(60)
At end of period	-	-	1	1
Accelerated capital allowances	-	-	1	1
	-	-	1	1

Corus International Trading Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

12 Creditors: amounts falling due within one year:

	Group	Company	Group	Company
	2005	2005	2004	2004
	£000	£000	£000	£000
Trade creditors	3,567	3,567	43,759	14,327
Amounts owed to group companies	14,258	10,387	13,047	9,186
Corporation Tax	801	329	2,559	931
Other creditors	2,557	1,533	872	721
	21,183	15,816	60,237	25,165

13 Provision for liabilities and charges (Group)

	£'000
Balance at 1 January 2005	267
Charge to the profit and loss	1,393
Utilised	(267)
Balance at 31 December 2005	1,393

Industrial Steels Limited received a claim which may end in a court case resulting from activities in the normal course of business. The company has reviewed this claim with its legal advisors and believes full settlement of this claim will not exceed £1.4 million. A provision of £1.4 million has therefore been raised to cover the probable settlement of the claim. No further material adverse effect on equity or income is expected.

14 Share capital

	Authorised, allotted, issued and fully paid	
	Number	£000
Ordinary shares of £1 each		
At 1 January 2005 and at 31 December 2005	1,657,000	1,657

Corus International Trading Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

15 Reserves

	Group profit and loss account	Company profit and loss account
	£000	£000
At 1 January 2005	9,051	5,087
Profit for the period	1,948	840
At 31 December 2005	10,999	5,927

16 Pension and similar obligations

Corus International Trading Limited participates in the British Steel Pension Scheme operated by the ultimate parent company. This is a funded, defined benefit scheme providing benefits based on final pay and service at retirement. The fund is valued every three years by a professionally qualified independent actuary. The latest formal valuation was carried out as at 31 March 2005, although the actuarial assessment of this valuation is as yet unavailable. The latest available actuarial assessment of the scheme relates to the valuation carried out at 31 March 2002. Particulars of this valuation are contained within the accounts of Corus Group plc. The contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. The pension cost for the 12 months to 31 December 2005 amounted to £300 (12 months to 1 January 2005: £300). The scheme is currently in surplus and the Directors do not consider that the contribution rates will change significantly until the results of the next actuarial assessment are made available.

17 Ultimate holding company

At 31 December 2005, 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

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.

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.

Corus Group Plc provides Corus International Trading Limited with a number of support and administrative services.