



Corus International Trading Limited

Directors report and financial statements
for the year ended 30 December 2006

Registered number 2755939

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Corus International Trading Limited

Directors' report and financial statements for the year ended 30 December 2006

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Corus International Trading Limited

Directors and advisers for the year ended 30 December 2006

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 30 December 2006

The directors present herewith their report and audited financial statements for the period ended 30 December 2006

Principal activities

The principal activity of the group is the performance of worldwide trade in steel and related materials

Review of business

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 31 December 2005 £Nil) The profit of £2,039,000 (2005 £1,948,000) will be transferred to reserves

The 12 months to 30 December 2006 began strongly with market conditions stabilising and steel prices remaining largely unchanged over the fourth quarter of 2005

Steel prices rose steadily in Europe over quarter two and quarter three, falling again slightly in quarter four This, combined with high demand in Europe, resulted in an overall strong result in the area for 2006

Steel prices rose much more sharply in the Middle East and India during the second quarter of 2006 and continued to rise during quarter three These conditions, combined with imposed US sanctions in specific areas, resulted in much lower demand and consequently lesser results overall for 2006 for the region

Overall the rising steel prices and consequent lower demand, whilst producing a higher gross margin, resulted in the lower profit level declared this year

Key performance indicators

	2006	2005
Return on sales (%)	1.6	1.0
Gross margin to sales (%)	3.8	3.1
Sales price per tonne (£)	334	299

Future activities

Owing to a weak order book at the end of 2006, due to market uncertainty, the first quarter of 2007 is expected to begin slowly in all areas of the business Falling demand towards the end of 2006 resulted in producers reducing output during the first quarter of 2007, most notably in the US

Business is expected to increase during quarter one and continue through quarter two as the market recovers Steel prices in Asia are beginning to rise and prices are expected to rise globally in quarter two

In addition to a strong steel trading presence the company intends to expand its growing trade in raw materials

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

Corus International Trading Limited

Directors' report for the year ended 30 December 2006 (continued)

Directors

The directors of the company at 30 December 2006 are listed on page 1

Directors' interests in shares

At Corus' AGM on 9 May 2006, shareholders approved the consolidation of Corus' existing share capital. One new ordinary share of 50 pence was issued for every 5 existing ordinary shares of 10 pence.

The interests of the directors at 30 December 2006 in the ordinary shares of Corus Group plc, the company's ultimate holding company at that date, were as follows:

Ordinary shares	Pre Consolidation 31 December 2005 Number	Pre Consolidation Acquired	Post Consolidation Acquired	Post Consolidation Disposed	Post Consolidation 30 December 2006 Number
Mr C Gardner	-	18,500	235	-	3,935
Mr K Wilkinson	7,293	267	94	-	1,606
Mr S W Lindsay	-	-	35,267	35,000	53

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.

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 these share options schemes were as follows -

Executive Scheme	Pre Consolidation No. of options at start of year	During the year			Post Consolidation No. of options at end of year
		Granted	Exercised	Lapsed	
Mr C Gardner	227,958	-	-	-	45,589
Mr K Wilkinson	367,664	-	-	-	73,531
Mr S W Lindsay	142,175	-	-	-	28,434

Corus International Trading Limited

Directors' report for the year ended 30 December 2006 (continued)

Directors' interests in share options (continued)

Sharesave Scheme	Pre Consolidation	During the year			Post Consolidation
	No of options at start of year	Granted	Exercised	Lapsed	No of options at end of year
Mr C Gardner	30,244	-	-	23,378	1,373
Mr K Wilkinson	8,917	-	-	-	1,783
Mr S W Lindsay	22,294	-	-	-	4,458

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 equity securities price risk. Exposure to commodity price risk is managed by matching customer and supplier terms.

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.

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 that earn interest at a floating rate of interest. Interest bearing liabilities are loans from the parent company that bear interest at a floating rate of interest. The company has a policy of maintaining debt at a floating rate of interest to match the 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.

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 39 days (2005: 16 days). The reason for the increased creditor days was prudent cash management and the timing of payments at year end.

Corus International Trading Limited

Directors' report for the year ended 30 December 2006 (continued)

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 30 December 2006 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

The directors have taken all steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware

Post balance sheet events

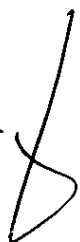
On 31 January 2007, the board of Corus Group plc recommended the acquisition by Tata Steel of the entire issued and to be issued share capital of Corus Group, at a price of 608 pence in cash per share. This was to be implemented by means of a scheme of arrangement under section 425 of the UK Companies Act 1985 and shareholders voted to approve this scheme at an Extraordinary General Meeting and court meeting held on 7 March 2007. Trading in Corus' shares was subsequently suspended on each of the London, New York and Amsterdam Stock Exchanges on 29 March, with the scheme becoming wholly effective on 2 April 2007

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

S. W. Lindsay
Director
5th November 2007



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

We have audited the group and parent company financial statements (the "financial statements") of Corus International Trading Limited for the year ended 30 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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

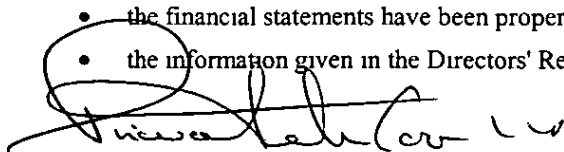
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 the group's and the parent company's affairs as at 30 December 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

6 Nov 2007

Corus International Trading Limited

Group profit and loss account for the 12 months ended 30 December 2006

	Notes	Group 2006 £000	Group 2005 £000
Turnover	2	175,815	331,981
Operating costs	3	(172,948)	(328,824)
Operating profit		2,867	3,157
Interest receivable	4	51	-
Interest payable	5	-	(372)
Profit on ordinary activities before taxation		2,918	2,785
Taxation	6	(879)	(837)
Profit for the period	15	2,039	1,948

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 30 December 2006

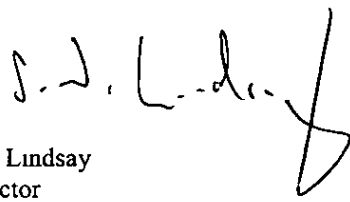
	Group	Group
	2006	2005
	£000	£000
Opening equity shareholders' funds	12,656	10,708
Profit for the period	2,039	1,948
Closing equity shareholders' funds	14,695	12,656

Corus International Trading Limited

Balance sheet as at 30 December 2006

		Group	Company	Group	Company
	Notes	2006	2006	2005	2005
		£000	£000	£000	£000
Fixed assets					
Investments	18	-	-	-	-
Current assets					
Stocks	10	10,526	7,341	4,372	4,372
Debtors amounts falling due within one year	11	33,329	27,529	30,860	19,028
		43,855	34,870	35,232	23,400
Creditors amounts falling due within one year	12	(28,753)	(25,898)	(21,183)	(15,816)
Total assets less current liabilities		15,102	8,972	14,049	7,584
Provisions for liabilities and charges	13	(407)	(350)	(1,393)	-
Net assets		14,695	8,622	12,656	7,584
Capital & reserves					
Called up share capital	14	1,657	1,657	1,657	1,657
Profit & loss account	15	13,038	6,965	10,999	5,927
Equity shareholders' funds		14,695	8,622	12,656	7,584

The financial statements were approved by the Board on 5th November 2007 and signed on its behalf


 S W Lindsay
 Director
 5th November 2007

The notes on pages 10 to 19 form part of these financial statements

Corus International Trading Limited

Notes to the financial statements for the year ended 30 December 2006

1 Principal accounting policies

These financial statements have been prepared on a going concern basis, in accordance with the Companies Act 1985 and 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. The company has adopted the requirements of FRS 20, share based payments. The adoption of this standard is a change in accounting policy but has no material effect on current year or prior year results.

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.

Financial instruments

The group's parent company Corus UK Limited 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 UK Limited. All costs and risks associated with these are borne by Corus UK Limited.

Corus International Trading Limited

Notes to the financial statements for the year ended 30 December 2006 (continued)

1 Principal accounting policies (continued)

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 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 30 December 2006 (continued)

2 Turnover

Geographical market analysis of turnover by destination is set out below

	Group	Group
	2006	2005
	£000	£000
United Kingdom	913	17,857
European Union (excluding UK)	84,011	53,565
Europe (excluding EU)	44,519	70,488
North America	-	81,862
Central/South America	2,032	10,699
Africa	20,166	19,014
Asia	24,174	78,496
	175,815	331,981
Included in the above		
Sales to group companies	35,172	37,633

Corus International Trading Limited

Notes to the financial statements for the year ended 30 December 2006 (continued)

3 Operating costs

	Notes	Group 2006 £000	Group 2005 £000
Changes in stocks of finished goods		(6,303)	24,361
Raw materials and consumables		169,180	279,844
Other external charges		4,845	13,077
Employment costs		1,279	817
Other operating charges		5,340	10,725
Provision release	13	(1,393)	-
		172,948	328,824
The above costs are stated after charging:			
Operating leases - others		-	89
Auditors remuneration			
Year end audit of Corus International Trading Limited		50	20
Work contributing to consolidated financial statements of the ultimate parent company		20	16

4 Interest receivable

	Group 2006 £000	Group 2005 £000
Interest receivable from group companies	51	-

Corus International Trading Limited

Notes to the financial statements for the year ended 30 December 2006 (continued)

5 Interest payable

	Group	Group
	2006	2005
	£000	£000
Interest payable to group companies	-	372

6 Taxation

	Group	Group
	2006	2005
	£000	£000
United Kingdom Corporation Tax at 30% (2005 30%)	879	836
Current tax	879	836
Origination and reversal of timing differences	-	1
Increase/(decrease) in discount	-	-
Deferred tax	-	1
	879	837

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

Profit on ordinary activities before taxation	2,918	2,785
Tax on result at standard rate of 30% (2005 30%)	875	835
Other	-	-
Permanent differences	4	1
	879	836

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 £1,038,000 (2005 £840,000)

Corus International Trading Limited

Notes to the financial statements for the year ended 30 December 2006 (continued)

8 Employees

	Group	Group
	£000	£000
Total costs of all employees in the company were		
Wages and salaries	1,152	715
Social security costs	70	102
Other pension costs	57	-
	1,279	817

The average weekly number of employees of the company during the period was

	Group	Group
	2006	2005
	Number	Number
Management	3	3
Staff	12	11
	15	14

9 Emoluments of directors

No director received or waived any remuneration during the 12 month period (12 months to 31 Dec 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 30 December 2006 (continued)

10 Stocks

	Group	Company	Group	Company
	2006	2006	2005	2005
	£000	£000	£000	£000
Finished goods and goods for resale	10,526	7,341	4,372	4,372

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

Included in the stock value of £10,526,000 (company £7,341,000) at 30 December 2006 are goods in transit of £5,978,000 (company £2,793,000)

11 Debtors

	Group	Company	Group	Company
	2006	2006	2005	2005
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	14,820	13,142	19,217	14,202
Amounts owed by group companies	18,447	14,381	11,636	4,819
Other debtors	62	6	7	7
Deferred tax asset	-	-	-	-
Total debtors	33,329	27,529	30,860	19,028

Corus International Trading Limited

Notes to the financial statements for the year ended 30 December 2006 (continued)

12 Creditors: amounts falling due within one year:

	Group	Company	Group	Company
	2006	2006	2005	2005
	£000	£000	£000	£000
Trade creditors	17,943	15,642	3,567	3,567
Amounts owed to group companies	8,726	8,726	14,258	10,387
Corporation Tax	844	415	801	329
Other creditors	1,240	1,115	2,557	1,533
	28,753	25,898	21,183	15,816

13 Provision for liabilities and charges

	Group	Company
	2006	2006
	£'000	£'000
Balance at 31 December 2005	1,393	-
Charge to the profit and loss	407	350
Released to the profit and loss	(1,393)	-
Balance at 30 December 2006	407	350

Industrial Steels Limited received a claim that may end in a court case resulting from activities in the normal course of business. Following the results of extensive testing of the material in question the directors have reassessed this claim and believe this provision is no longer required. Further details are disclosed in note 22.

In addition the company has received claims regarding late delivery and material quality. The company has reviewed these claims and believes full settlement will not exceed £0.4 million. A provision of £0.4 million has therefore been raised to cover the settlement of the claim. No further material adverse effect on equity or income is expected.

Corus International Trading Limited

Notes to the financial statements for the year ended 30 December 2006 (continued)

14 Share capital

	Authorised, allotted, issued and fully paid	
	Number	£000
Ordinary shares of £1 each		
At 31 December 2005 and at 30 December 2006	1,657,666	1,657

15 Reserves

	Group profit and loss account	Company profit and loss account
	£000	£000
At 31 December 2005	10,999	5,927
Profit for the period	2,039	1,038
At 30 December 2006	13,038	6,965

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. 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 30 December 2006 amounted to £57,000 (12 months to 31 December 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 30 December 2006, the directors regarded Corus Group plc, a company registered and incorporated in Great Britain, as the ultimate holding company and controlling party. The immediate holding company, Corus UK Limited, is a wholly owned subsidiary of Corus Group plc. 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.

Corus International Trading Limited

Notes to the financial statements for the year ended 30 December 2006 (continued)

18 Principal subsidiary undertakings

Corus International Trading Limited holds 100% of the equity and shares of Industrial Steels Limited (£2 00), which is incorporated in England and Wales. Industrial Steels Limited principal activity is the performance of worldwide trade in steel.

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.

20 Derivative financial instruments

The group's local currency is pounds sterling but approximately 99.5% of sales and 84.0% of purchases are denominated in different currencies, mainly United States Dollars or Euros. As a result, the group is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling and the other currencies. The group seeks to reduce these risks by entering into forward contracts.

The group has forward contracts with the following fair values at the end of the year:

	Group	Company
	£000	£000
At the end of the period		
Foreign currency contracts	6,516	6,059

21 Post balance sheet events

On 31 January 2007, the board of Corus Group plc recommended the acquisition by Tata Steel of the entire issued and to be issued share capital of Corus Group, at a price of 608 pence in cash per share. This was to be implemented by means of a scheme of arrangement under section 425 of the UK Companies Act 1985 and shareholders voted to approve this scheme at an Extraordinary General Meeting and court meeting held on 7 March 2007. Trading in Corus' shares was subsequently suspended on each of the London, New York and Amsterdam Stock Exchanges on 29 March, with the scheme becoming wholly effective on 2 April 2007.

22 Contingent liabilities

Industrial Steels Limited was notified of a claim against it arising from an accident believed to have been caused by a product it supplied. A provision was initially raised for £1,393,000 that the directors believed at the time would be the most probable amount required to settle the claim. Following extensive testing of the material supplied, which indicated no fault with the product, the directors have reversed the provision. The directors believe the evidence of these tests will result in the claim being dismissed by the courts.