

BLASTMEGA LIMITED
REPORT AND ACCOUNTS
FOR THE FINANCIAL YEAR ENDED
3 APRIL 1999

Registered No: 2987085



Blastmega Limited

Directors

British Steel Directors (Nominees) Limited - appointed 1 February 1999

Secretary

Mrs A L Scandrett

Registered office

15 Marylebone Road
London
NW1 5JD

Blastmega Limited

Directors' Report for the year ended 3 April 1999

The directors present their report and the audited accounts for the year ended 3 April 1999.

Review of the business

The principal activity of the company is that of a holding company for part of British Steel plc's investment in British Steel Engineering Steels (Holdings) Limited.

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

Directors & directors' interests

The directors of the company at 3 April 1999, are listed on page 1. Mr D N Bright and Mr W J Cain resigned from their post as directors on 1 February 1999.

The directors had no interest in the ordinary shares of British Steel plc, the company's ultimate holding company, at 3 April 1999.

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.

Results and Dividends

The loss for the year after taxation amounted to £3,343 (1998 : profit £5,290,897).

The directors do not recommend the payment of a dividend.

EMU and Year 2000

The parent company, British Steel plc, on a group basis, is addressing the EMU and Year 2000. A project has been undertaken to ensure all businesses will be able to trade in the Euro with customers and suppliers. The company recognises the risks arising from the Year 2000 date change and is carrying out a comprehensive programme with a view to renovating or replacing essential systems and equipment. Further detailed disclosure was made of the issues and the steps taken to address these items in the group accounts.

As at the date of this report, monitoring has not identified any significant adverse impact from the year 2000 problem on the Company.

Blastmega Limited

Directors' Report for the year ended 3 April 1999

Close Company Provisions

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company. There has been no change in this respect since the end of the financial year.

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 L Scandrett
Secretary**

20 January 2000

15 Marylebone Road
London NW1 5JD

Blastmega 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 11 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 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**

20 January 2000

Blastmega Limited

Report of the Auditors to the members of Blastmega Limited

We have audited the financial statements on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Report and Accounts including the financial statements as described on page 4. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 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 3 April 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
LONDON,

26 January 2000

Blastmega Limited

Profit and Loss Account for the financial year ended 3 April 1999

	Notes	1999 £	1998 £
Audit fees		(1,500)	(1,500)
Income from fixed asset investments	2	—	5,291,932
(Loss)/Profit on ordinary activities before taxation		(1,500)	5,290,432
Taxation	5	<u>(1,843)</u>	<u>465</u>
(Loss)/Profit on ordinary activities after taxation		(3,343)	5,290,897
Dividend payable	6	—	<u>(5,291,932)</u>
Loss retained for the year		<u>(3,343)</u>	<u>(1,035)</u>
Statement of retained profits			
As at beginning of year		14,604	15,639
Loss retained for financial year		<u>(3,343)</u>	<u>(1,035)</u>
As retained at end of year		<u>11,261</u>	<u>14,604</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 loss on ordinary activities before taxation and the retained loss for the year, and their historical cost equivalents.

The notes on pages 8 to 11 form part of these accounts.


Blastmega Limited

Balance Sheet as at 3 April 1999

	Notes	1999 £	1998 £
Fixed Assets			
Investments	7	93,000,000	93,000,000
Current Assets			
Debtors	9	12,761	17,604
Cash at bank and in hand		<u>10</u>	<u>10</u>
		12,771	17,614
Creditors: amounts falling due within one year	11	<u>(1,500)</u>	<u>(3,000)</u>
Net current assets		<u>11,271</u>	<u>14,614</u>
Total assets less current liabilities		<u>93,011,271</u>	<u>93,014,614</u>
Capital and reserves			
Called up share capital	12	10	10
Share premium account		93,000,000	93,000,000
Profit and loss account		<u>11,261</u>	<u>14,604</u>
Shareholders funds	13	<u>93,011,271</u>	<u>93,014,614</u>
Equity		93,011,262	93,014,605
Non-equity		<u>9</u>	<u>9</u>
		<u>93,011,271</u>	<u>93,014,614</u>

These accounts were approved by the Board on 20 January 2000

On behalf of British Steel Directors (Nominees) Limited



G H Craine
Director

The notes on pages 8 to 11 form part of these accounts.

Blastmega Limited

Notes to the accounts for the year ended 3 April 1999

1 Principal Accounting Policies

The accounts have been prepared in accordance with applicable Accounting Standards in the UK. The more important accounting policies, which have been applied consistently throughout the year, are set out below.

(i) Basis of accounting

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

(ii) Fixed Assets Investments

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

Income from fixed asset investments comprises dividends declared up to the balance sheet date and interest receivable, shown, where relevant, before deduction of withholding tax.

(iii) Cash Flow Statement

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

(iv) 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 British Steel Group or investees of the Group qualifying as related parties.

2 Income from fixed asset investments

	1999 £	1998 £
Income from shares in subsidiary undertakings not listed on a stock exchange	<u>-</u>	<u>5,291,932</u>

Blastmega Limited

Notes to the accounts for the year ended 3 April 1999

3 Employees

The Company has no employees other than the directors.

4 Directors Emoluments

No directors received any emoluments during the year in respect of their services to the company (1998: Nil).

5	Taxation	1999	1998
		£	£
	UK corporation tax at 31% (1998 - 31%)	(465)	(465)
	ACT written off	<u>2,308</u>	<u>-</u>
		<u>1,843</u>	<u>(465)</u>

6	Dividend payable	1999	1998
		£	£
	Interim dividend - ordinary	-	5,291,932
		<u>-</u>	<u>5,291,932</u>

The preference shareholders waived their right to a preference dividend for the year of £500 per share.

7	Investments	1999	1998
		shares in	shares in
		subsidiary	subsidiary
		undertakings	undertakings
		£	£
	Cost and net book value	<u>93,000,000</u>	<u>93,000,000</u>

Blastmega Limited

Notes to the accounts for the year ended 3 April 1999

8 Investments

The Company holds more than 10% of the ordinary share capital of the following company.

<u>Company</u>	<u>Country of Incorporation</u>	<u>Proportion held(%)</u>
British Steel Engineering Steels (Holdings) Ltd	England & Wales	36

9 Debtors

	1999 £	1998 £
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Amounts falling due after more than one year

Amounts due from parent (note 10)	12,761	15,296
ACT recoverable	-	2,308
	<u>12,761</u>	<u>17,604</u>

10 Amounts due from parent

The amounts due from parent are free of interest and no date has been fixed for the discharge of the debt.

11 Creditors: amounts falling due within one year	1999 £	1998 £
Other creditors	<u>1,500</u>	<u>3,000</u>
	<u>1,500</u>	<u>3,000</u>

Blastmega Limited

Notes to the accounts for the financial year ended 3 April 1999

12	Called up share capital	1999	1998
		£	£
	Authorised		
	91 ordinary shares of £1 each	91	91
	9 non-cumulative preference shares of £1 each	<u>9</u>	<u>9</u>
		<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	1 ordinary share of £1 each	1	1
	9 non-cumulative preference shares of £1 each	<u>9</u>	<u>9</u>
		<u>10</u>	<u>10</u>
13	Reconciliation of movement in shareholders funds		
		1999	1998
		£	£
	Opening shareholders' funds	93,014,614	93,015,649
	(Loss)/Profit for the year	(3,343)	5,290,897
	Dividends	-	<u>(5,291,932)</u>
	Closing shareholders' funds	<u>93,011,271</u>	<u>93,014,614</u>

14 Ultimate holding company

The company is a subsidiary of British Steel plc which is registered in England and Wales. Copies of British Steel plc's consolidated report and accounts may be obtained from The Secretary, British Steel plc, 15 Marylebone Road, London, NW1 5JD.

Subsequent to the financial year end the ultimate parent company, British Steel plc, was acquired by Corus Group plc (formerly BSKH plc) pursuant to a scheme of arrangement of British Steel plc under section 425 of the Companies Act. Consequently, the ultimate parent company is now Corus Group plc.