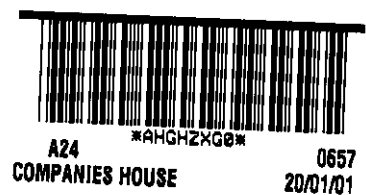


BLASTMEGA LIMITED
REPORT AND ACCOUNTS
FOR THE FINANCIAL YEAR ENDED
1 APRIL 2000



Registered No: 2987085

Blastmega Limited

Directors

British Steel Directors (Nominees) Limited

Secretary

Mrs A L Scandrett

Registered office

15 Great Marlborough Street
London
W1F 7AS

Blastmega Limited

Directors' Report for the year ended 1 April 2000

The directors present their report and the audited accounts for the year ended 1 April 2000.

Review of the business

The principal activity of the company is that of a holding company for part of Corus Group plc's investment in Corus Engineering Steels (Holdings) Limited (formerly 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 1 April 2000, are listed on page 1.

The directors had no interest in the ordinary shares of Corus Group plc, the company's ultimate holding company, at 1 April 2000.

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 £1,500 (1999 : loss £3,343).

The directors do not recommend the payment of a dividend (1999: nil).

EMU

The parent company, Corus Group plc, on a group basis, is addressing the EMU. A project has been undertaken to ensure all businesses will be able to trade in the Euro with customers and suppliers.

Blastmega Limited

Directors' Report for the year ended 1 April 2000

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**

12 January 2001

15 Great Marlborough Street
London
W1F 7AS

Blastmega Limited

Statement of Directors' Responsibilities In Relation to 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 at any time the financial position of the Company and which enable them to ensure that the financial statements comply with 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



**A.L. Scandrett
Secretary**

12 January 2001

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 pages 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 4, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 1 April 2000 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,

16 January 2001

Blastmega Limited

Profit and Loss Account for the financial year ended 1 April 2000

	Notes	2000 £	1999 £
Audit fees		<u>(1,500)</u>	<u>(1,500)</u>
(Loss) on ordinary activities before taxation		(1,500)	(1,500)
Taxation	4	<u>-</u>	<u>(1,843)</u>
(Loss) on ordinary activities after taxation		<u>(1,500)</u>	<u>(3,343)</u>
Statement of retained profits			
As at beginning of year		11,261	14,604
Loss retained for financial year		<u>(1,500)</u>	<u>(3,343)</u>
As retained at end of year		<u>9,761</u>	<u>11,261</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.

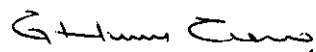
Blastmega Limited

Balance Sheet as at 1 April 2000

	Notes	2000 £	1999 £
Fixed Assets			
Investments	6	93,000,000	93,000,000
Current Assets			
Debtors	8	11,261	12,761
Cash at bank and in hand		<u>10</u>	<u>10</u>
		11,271	12,771
Creditors: amounts falling due within one year	10	<u>(1,500)</u>	<u>(1,500)</u>
Net current assets		<u>9,771</u>	<u>11,271</u>
Total assets less current liabilities		<u>93,009,771</u>	<u>93,011,271</u>
Capital and reserves			
Called up share capital	11	10	10
Share premium account		93,000,000	93,000,000
Profit and loss account		<u>9,761</u>	<u>11,261</u>
Shareholders funds	12	<u>93,009,771</u>	<u>93,011,271</u>
Equity		93,009,762	93,011,262
Non-equity		<u>9</u>	<u>9</u>
		<u>93,009,771</u>	<u>93,011,271</u>

These accounts were approved by the Board on 12 January 2001

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 1 April 2000

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 cash flow statement have not been prepared as the Company is a wholly owned subsidiary of Corus Group 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 (Revised 1996), 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 Corus Group or investees of the Group qualifying as related parties.

2. Employees

The Company has no employees other than the directors.

Blastmega Limited

Notes to the accounts for the year ended 1 April 2000

3. Directors Emoluments

No directors received any emoluments during the year in respect of their services to the company (1999: Nil).

4. Taxation	2000	1999
	£	£
UK corporation tax at 30% (1999 - 31%)	-	(465)
ACT written off	-	2,308
	<u>-</u>	<u>1,843</u>

5. Dividend Payable

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

6. Investments	2000	1999
	shares in	shares in
	subsidiary	subsidiary
	undertakings	undertakings
	£	£
Cost and net book value	<u>93,000,000</u>	<u>93,000,000</u>

7. Investments

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

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

Blastmega Limited

Notes to the accounts for the year ended 3 April 2000

8. Debtors	2000	1999
	£	£
Amounts falling due after more than one year		
Amounts due from parent (note 9)	<u>11,261</u>	<u>12,761</u>
	<u>11,261</u>	<u>12,761</u>
 9. 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.		
 10. Creditors: amounts falling due within one year	2000	1999
	£	£
Other creditors	<u>1,500</u>	<u>1,500</u>
	<u>1,500</u>	<u>1,500</u>
 11. Called up share capital	2000	1999
	£	£
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>

Blastmega Limited

Notes to the accounts for the financial year ended 1 April 2000

12. Reconciliation of movement in shareholders funds

	2000	1999
	£	£
Opening shareholders' funds	93,011,271	93,014,614
(Loss)/Profit for the year	<u>(1,500)</u>	<u>(3,343)</u>
Closing shareholders' funds	<u>93,009,771</u>	<u>93,011,271</u>

13. Ultimate holding company

The Company is a subsidiary of Corus UK Limited (formerly British Steel plc) which is registered in England and Wales. Copies of Corus UK Limited's report and accounts may be obtained from The Secretary, Corus Group plc, 15 Great Marlborough Street, London, W1F 7AS.

During the financial year, 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 and ultimate controlling party is now Corus Group plc.