

NEWS RELEASE

14 March 2003
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CORUS GROUP plc

PRELIMINARY REPORT FOR THE 12 MONTHS TO 28 DECEMBER 2002

CONTENTS

Index	1
Key Highlights	2
Chairman's Statement	2 – 3
Review of the Period	4 – 11
Consolidated Profit and Loss Account	12
Consolidated Balance Sheet	13
Statement of Total Recognised Gains and Losses	14
Reconciliation of Movements in Shareholders' Funds	14
Consolidated Cash Flow Statement	15 – 16
Reconciliation of Net Cash Flow to Movement in Net Debt	17
Analysis of Net Borrowings	17
Supplementary Information	18 – 23

The Consolidated Profit and Loss Account, Consolidated Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholders' Funds and the Consolidated Cash Flow Statement shown in respect of the year ended 28 December 2002 are extracted from the full accounts for that year which were approved by the Board of Directors on 14 March 2003 and will be filed with the Registrar of Companies. The financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The report of the auditors on these accounts is unqualified and does not contain a statement under Section 237 (2) or (3) of the Companies Act 1985. The audit report refers to a fundamental uncertainty in respect of the application of the going concern basis described in the Review of the Period on page 10, "Going concern".

The Report and Audited Financial Statements will be mailed to shareholders later this month at which time copies will also be available from the Secretary's Office, Corus, 30 Millbank, London SW1P 4WY, or by telephoning 0800 484113.

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KEY HIGHLIGHTS

- Operating loss before exceptional items for second half year reduced to £141m (£252m in first half).
- Non-cash impairment charges for carbon steel operations of £109m and UK deferred tax write-off of £42m.
- Net loss for year of £458m.
- Net borrowings reduced by £324m during 2002.

CHAIRMAN'S STATEMENT

"The underlying results for the Group for the year were marginally below the level of the previous year with a Group operating loss of £393m (2001: £377m), before taking into account exceptional items of £53m (2001: £8m). The net loss after tax and minority interests for the year amounted to £458m and, in the light of this result, the Board has decided not to recommend the payment of a dividend in respect of 2002.

While further progress was made in securing improvements in operational performance and efficiency, the absence of any real global economic recovery was the major factor which led to the poor results for the year. The trend through 2002 saw prices in Europe, Corus' major market, fall sharply during the first quarter prior to some modest recovery in the second quarter and, subsequently, further increases during the second half. As a result, for the second half year the Group incurred an operating loss of £141m, before exceptional items, as compared with £252m in the first half, with an improvement of £124m in carbon steel being partially offset by a fall of £13m in the operating profit of aluminium.

At the end of the year, net debt amounted to £1,236m and gearing was reduced to 46%. Net proceeds from acquisitions and disposals amounted to £445m while ongoing cash flow demands amounted to £121m, giving a reduction in net debt of £324m in the year.

The year under review for Corus also proved to be very difficult and frustrating in other respects. The implementation of the Group's strategy of focussing on its carbon steel operations began with the disposal of our stainless steel interests in AvestaPolarit, the completion of the sale of our 20% interest in the aluminium business of Aluminerie Alouette and progressing the sale of the Group's remaining aluminium assets. There were also a number of smaller transactions including the acquisition of two downstream carbon steel operations, one in Sweden and the other in the UK. However, and despite the strong strategic rationale, discussions regarding the proposed merger between Corus and CSN in Brazil, announced in July, regrettably had to be terminated in November due to the deterioration of, and ongoing uncertainties in, the global business environment and financial markets.

The sale of our aluminium rolled products and extrusions businesses to Pechiney was agreed in principle in October for approximately £543m. The businesses are owned by Corus Nederland BV, and the sale was, inter alia, subject to the approval of that company's Supervisory Board. In the event and despite the recommendation of the Management Board of Corus Nederland BV, the Supervisory Board was not willing to give its approval. Following an unsuccessful petition to the Court in Amsterdam for that decision to be set aside, the sale will not take place.

CHAIRMAN'S STATEMENT, continued

The decision of the Supervisory Board to reject the sale of the aluminium businesses was taken in the face of detailed proposals by Corus Group to meet the legitimate concerns that the Supervisory Board had expressed for the consequences of that sale for Corus Nederland BV. The Board views this outcome as extremely disappointing and is reviewing the implications of it on its carbon steel strategy and related funding plans.

The carbon steel strategy is focussed on eliminating the Group's losses which continue to emanate from the UK despite the steps that have been undertaken in recent years to reduce capacity and improve competitiveness. Unfortunately the progressive decline in UK manufacturing, coupled with the strength of sterling and increased penetration from steel imports, has undermined these initiatives. It is clear, however, that Corus' UK losses have got to be reversed and this will inevitably lead to significant further capacity reductions and concentration of operations onto fewer sites. A review by the Board is currently in progress and an announcement will be made on its findings as soon as possible.

The proceeds of the aluminium sale would have provided the capacity to finance the measures needed to reduce capacity in the UK but, with the sale no longer proceeding, the Group will need to look afresh for finance from equity and debt providers, and from the sale of non-core assets. The timing and extent of further actions to be taken will be largely dependent upon the availability of such further financing. Discussions in respect to an extension of the existing banking facilities due to expire at the end of January 2004 were being pursued as part of the aluminium disposal process, and discussions also were taking place to replace these facilities for the medium term. As the sale is not proceeding, priority will now be given to agreeing a new three year facility from January 2004. The funding plans for the Group going forward are, therefore, an essential part of the current Board review.

The Group faces the challenges of 2003 with a much more stable plant configuration following the resumption in January of a two blast furnace operation at Port Talbot, and there are no planned blast furnace outages. As to the market scene, the year has started as expected with subdued demand in the UK and flat demand in mainland Europe. However, despite this situation prices have improved for flat and long products, and the recent weakening of sterling against the Euro should bring some benefits in the UK.

The last eighteen months has seen a significant erosion of global equity prices. The market value of Corus, however, has been further eroded by the continuing loss making situation and refinancing concerns together with the difficulties encountered with the proposed merger with CSN and with the divestment of our aluminium business as outlined above. The Board and management are very conscious and concerned about this situation and are determined to take the necessary action to restore market confidence."

Sir Brian Moffat
14 March 2003

REVIEW OF THE PERIOD

Summary of operating results

Group turnover for 2002 amounted to £7,188m (2001: £7,699m) and operating costs totalled £7,634m (2001: £8,084m), including exceptional items of £53m, and the Group incurred an operating loss of £446m (2001: £385m). The net loss for the year amounted to £458m (2001: £419m). The trend through 2002 saw turnover increase to £3,612m for the second half year from £3,576m for the first half. Operating costs increased from £3,783m for the first half year to £3,851m for the second half resulting in a Group operating loss of £239m for the second half year as compared with £207m for the first half.

Excluding the impact of exceptional items, the Group operating loss for the year totalled £393m, with a reduced level of loss for the second half year which at £141m compared with £252m for the first half. Operating costs for the second half year included £23m in respect of transaction costs, principally relating to the aluminium sale and the terminated merger with CSN. Year-on-year and half-yearly comparisons are discussed in more detail below in the context of 'Carbon steel', 'Aluminium' and 'Discontinued operations'.

Carbon steel

Turnover for the year totalled £6,231m (2001: £6,534m) and included the impact of reduced levels of distribution, further processing and other turnover which totalled £1,489m (2001: £1,742m). Product turnover for 2002 fell by 1% to £4,742m (2001: £4,792m) reflecting lower sales volume as average revenue was virtually unchanged. For the second half of 2002, product turnover of £2,381m was 1% above the level of the first half reflecting the net impact of a 3% rise in average revenue and a 2% fall in sales volume.

In the UK, demand for Corus' main finished products during 2002 reduced to 10.65mt (2001: 10.94mt) as UK manufacturing output fell by some 4%, driven by the adverse impact of the weak global economy and the strength of sterling against the euro. Corus' sales volume in the UK totalled 5.90mt (2001: 6.15mt), of which 5.37mt (2001: 5.49mt) were main finished products. While the Group's UK market share for 2002 was, therefore, maintained at around 50%, with the share increasing to around 52% for the second half of 2002, this was against a background of a continuing downward trend in UK demand.

In other European markets, manufacturing output also remained weak during 2002 and there was no growth in demand from steel-consuming industries within the EU, with steel consumption falling by some 1.5%. Despite this difficult market environment, Corus' sales volume in European markets (excluding UK) increased to 8.14mt (2001: 7.99mt).

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REVIEW OF THE PERIOD, continued

Sales into Europe (including the UK) accounted for over 80% of carbon steel product turnover during the past two years and have been subject to significant movements in selling prices. During 2001, European spot prices fell sharply for flat products, a trend which continued into the first quarter of 2002. From April, European carbon steel producers began to raise selling prices and there was a progressive improvement during the second half of the year, driven largely by production cutbacks by steel producers and some rebuilding of stocks by customers, despite continuing economic uncertainty and increasing concerns about the timing of any recovery. However, the continuing weakness of end-user demand was such that increases in spot prices of hot and cold rolled coil were not able to be passed on by downstream businesses to customers on a full and timely basis and, as a result of this and other factors as discussed below, trends in Corus' average revenues, particularly for flat products, do not reflect the movements in spot market prices.

Outside Europe, there was a modest recovery in US demand through the first three quarters of 2002 which, combined with restrictions on imports driven by Section 201 Safeguard measures which had been implemented in March 2002, led to US prices rising sharply through to September 2002. However, the final quarter of the year saw some weakening of demand, reflecting the faltering recovery in the US economy, at a time when both new and idled capacity was being activated. As a consequence, the supply/demand balance in this region deteriorated towards the end of 2002. In the Asia-Pacific region, steel production increased during 2002 despite persistently weak demand in Japan, as China saw continued strong growth through the year. Corus' sales volume outside Europe during 2002 totalled 2.59mt including 1.68mt in North America.

Against the above background, average revenue for Corus' carbon steel products for 2002 was virtually unchanged at £285pt (2001: £284pt). However, this masked significant reductions in average revenues of certain downstream businesses as a result of continuing weak end-user demand. Spot price volatility is not fully reflected in Corus' average revenues as a result of such factors as contract pricing, order backlogs, exchange rate movements, and the more stable pricing of quality extras and added value services. Sales mix changes, both in product and market terms, also serve to distort comparisons of spot prices and Corus' average revenues. In terms of the two half years, average revenue was £289pt for the second half, 3% above the level for the first half, although the weakness of end-user demand was further demonstrated with a number of Corus' downstream businesses seeing lower average revenues for the second half year.

Carbon steel operating costs totalled £6,698m (2001: £6,980m) but excluding exceptional items of £45m were 5% lower than 2001 at £6,653m (2001: £6,970m), with the key influences being lower levels of sales, and the benefits of the Group's continuing cost and efficiency improvement measures which, in some areas, were partially offset by higher costs. The impact of lower sales arose through the combination of a reduction in sales volume of carbon steel products for 2002 to 16.62mt (2001: 16.88mt), and a fall in the level of turnover through distribution, further processing and other turnover. Carbon steel costs for 2002 were adversely affected by the impact of blast furnace outages at IJmuiden and Port Talbot.

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REVIEW OF THE PERIOD, continued

Ongoing cost and efficiency improvement measures saw benefits being secured on a number of fronts through 2002. The major UK restructuring programme that had been announced in 2001 was completed, in terms of site closures and re-configurations, ahead of schedule in June 2002. Employment costs were 4% below the level of the previous year at £1,389m (2001: £1,449m), and reflected the continuing manpower productivity improvements, particularly in the UK. In the Netherlands, the "World Class IJmuiden" project, which was launched in September 2001 targeting margin improvements of EUR300m (approximately £185m) by early-2004, had secured around two-thirds of its target by the end of 2002 through a combination of cost reduction initiatives, and sales mix and volume enhancements. In the UK, the "High Performance Strip" project was launched during 2002, with targeted benefits of £150m through service and cost improvements by early-2005.

Aluminium

Turnover for 2002 amounted to £957m (2001: £1,085m) and was 12% below the level of the previous year, with falls of 10% in total sales volume and of 2% in average revenue. Sales of primary metal were the main influence as volume was 30% below the level of 2001, and average revenue fell by 7%. For rolled products and extrusions, aggregate sales volume was virtually unchanged but turnover and average revenue for 2002 fell by 7%. This was largely a result of lower average LME prices, which were down by 9% in 2002, and the adverse effects of the weak economic situation particularly in Europe and North America. The global slowdown in the aircraft market, however, had only a minor impact and was more than offset by increased sales to the automotive and heat exchanger industries. In terms of the trend through 2002, total sales volume was 8% lower for the second half and turnover fell by 9% to £457m mainly due to the seasonal effects of customer shutdowns in the Summer and over Christmas.

Excluding the impact of exceptional items of £8m (2001: credit of £2m), operating costs amounted to £928m (2001: £1,029m) and were 10% lower than the level of the previous year, mainly reflecting the fall of 10% in overall sales volume, partially offset by an increase in employment costs. The second half of 2002 saw a 6% fall in costs to £449m, excluding exceptional items, largely as a result of lower overall sales volume which reduced by 8%.

Against the background outlined above the operating profit for 2002, excluding exceptional items, amounted to £29m (2001: £56m), significantly below the level of the previous year and, as pressures on margins intensified during the year, the second half operating profit, excluding exceptional items, fell to £8m.

Discontinued operations

On 22 January 2001 Avesta Sheffield, the Group's 51%-owned stainless steel business, ceased to be a subsidiary of Corus. From that date, AvestaPolarit became an associated undertaking with Corus holding a 23.2% stake. On 1 July 2002, Corus announced the sale of its stake in AvestaPolarit (see 'Acquisitions and disposals' below) and consequently the stainless steel activities have been treated as discontinued operations.

REVIEW OF THE PERIOD, continued

Exceptional items

For 2002, there was a net charge of £53m (2001: £8m) in respect of exceptional items, of which £45m related to carbon steel activities and £8m related to aluminium. The net charge included a net credit of £45m for the first half year which mainly related to changes in cost estimates in respect of obligations for environmental and contractual liabilities for previously announced site closures and, in the second half, a net charge of £98m. The second half included non-cash impairment charges arising from the continuing losses in carbon steel operations relating to the value in use of fixed assets (£89m) and to goodwill in investments (£20m), the impact of which was partially offset by further releases following changes in cost estimates.

Profit and loss account

The Group operating loss, after exceptional items, amounted to £446m and translated into a total operating loss for 2002 of £425m after taking account of Corus' share of operating results of its associated undertakings of £21m, of which £17m related to AvestaPolarit. There was a net profit of £96m on disposals of fixed assets which included £65m in respect of the insurance settlement relating to the rebuilding of the no. 5 blast furnace at Port Talbot which took place during 2002, following an explosion in late-2001 that had made the furnace inoperable. The balance of £31m mainly related to profits on sales of properties. The net profit on disposals of Group undertakings of £19m included a profit of £60m on the sale of Corus' interest in the Aluminerie Alouette smelter, which was completed in September 2002 (see 'Acquisitions and disposals' below), and a loss on disposal of £48m on the sale of the Group's former stainless steel interests, comprising a goodwill transfer from reserves (£33m) and goodwill written off (£15m).

After taking account of net interest payable of £94m a loss before taxation of £404m was incurred. The net tax charge for the year amounted to £61m and included an impairment related write-off of deferred tax of £42m. After taking account of a net credit of £7m for minority interests the Group incurred a net loss for the year of £458m.

REVIEW OF THE PERIOD, continued

Acquisitions and disposals

On 1 July 2002, Corus announced the disposal of its 23.2% stake in AvestaPolarit to Outokumpu and total proceeds amounted to EUR555m (approximately £356m).

On 17 July 2002, Corus announced that its board and that of CSN in Brazil reached agreement in principle on the terms of a proposed merger of the two companies. However, on 13 November 2002, Corus announced that its Board had decided to terminate the proposed transaction as a result of ongoing uncertainties in the global business environment and financial markets.

On 16 August 2002, Corus announced that it has agreed to sell its 20% interest in the Aluminerie Alouette smelter to Alcan for US\$165m (approximately £107m) in cash, with a consideration for working capital on completion.

On 23 October 2002, Corus announced that it had reached agreement in principle to the sale of its aluminium rolled products and extrusions businesses to Pechiney S.A. ("Pechiney") for EUR861m (approximately £543m). The businesses are owned by Corus Nederland BV ("Corus Nederland") and the agreement was conditional upon internal consultation, advice and approval processes by both Corus and Pechiney. Despite the recommendation of the Management Board of Corus Nederland, the Supervisory Board of that company was not willing to give its approval. Following an unsuccessful petition to the Enterprise Section of the Amsterdam Court of Appeal for the decision of the Supervisory Board to be set aside, the sale did not proceed. As a result a break fee of EUR20m is payable by Corus to Pechiney. Additionally, Pechiney has exclusive negotiation rights over the business until 23 October 2003.

In August 2002, Corus announced the acquisition of Erik Olsson and Soner of Sweden, a profiler of steel sheets for roofing and a supplier of pre-engineered industrial and agricultural buildings, for £9m.

In November 2002, Corus announced its intention to acquire 100% of the equity of Precoat International, one of the leading independent precoated steel service centres in the UK. Following acceptance by Precoat's shareholders and receipt of appropriate regulatory consents, the cash purchase was completed on 27 December 2002 for approximately £7m.

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REVIEW OF THE PERIOD, continued

In March 2002, Corus sold its stake in Galtec to Sidmar for proceeds of £12m. Also during 2002, the trade and assets of the Group's 25%-owned joint venture Trico Steel, in the US were sold to Nucor. Prior to this, Trico had filed for Chapter 11 protection from creditors and was fully provided against in the Group accounts for 2000.

Capital expenditure

Capital expenditure for the year amounted to £188m (2001: £166m). The major investment scheme, at a total capital cost of some £65m, was the rebuild of the Port Talbot No. 5 blast furnace which was lit on 2 January 2003.

Employees

Numbers employed at the end of 2002 totalled 50,900 as compared to 52,700 at the end of 2001. The net reduction of 1,800 comprised job losses related to previously announced efficiency measures. In this context, the average weekly numbers employed during the year fell by 4,000 to 51,600.

Cash flow and financing

The net cash inflow from operating activities amounted to £41m, the key feature being a net reduction in working capital of £162m which included the benefit of £181m from the securitisation of trade debtors. A net cash outflow from capital expenditure and financial investment of £57m was net of £112m from the sale of tangible fixed assets. There was a net cash inflow of £445m from acquisitions and disposals which mainly related to the sale of the Group's stake in AvestaPolarit (approximately £356m) and the sale of Corus' interest in the Aluminerie Alouette smelter (approximately £107m). After taking account of those and other movements, net borrowings reduced to £1,236m at the end of 2002 and represented a gearing ratio of 46% to net tangible assets.

On 11 January 2002, the Company issued EUR307m of 3% guaranteed unsubordinated bonds due 2007, convertible into shares of Corus Group plc. Almost all of the bond issue proceeds (EUR300m) and most of the funds from the securitisation of trade debtors (EUR240m) were used to pay down and cancel part (EUR540m) of a syndicated bank facility of EUR2,400m, which had been arranged in January 2001.

The bank facility was further reduced on 30 December 2002 by voluntary cancellation of EUR460m, of which EUR260m would have matured in January 2003 and EUR100m would have matured in March 2003. The balance of the remaining facility (EUR1,400m) matures in January 2004. The status of negotiations to replace this facility is referred to below.

REVIEW OF THE PERIOD, continued

Going concern

In the twelve month period to 28 December 2002, the Group partly met its day-to-day working capital requirements through a syndicated revolving multi-currency loan facility ('syndicated facility'). At 28 December 2002 this facility was EUR1,860m of which EUR455m was utilised. The facility was reduced following the period end, on 30 December 2002, by voluntary cancellation of EUR460m, of which EUR260m would have matured in January 2003 and EUR100m in March 2003. The facility now stands at EUR1,400m. This facility contains two financial covenants: that the Group gearing ratio (based on net tangible worth) should not exceed 75%; and, that net tangible worth should not be less than £2,500m. At 28 December 2002 net gearing was 46% and net tangible worth was £2,664m. This facility expires on 30 January 2004.

On 23 October 2002 the Company announced that it had agreed in principle to the sale of its aluminium rolled products and extrusions businesses and that a definitive sale and purchase agreement would be entered into following completion of internal consultation, advice and approval processes. The Supervisory Board of Corus Nederland BV decided on 10 March 2003 to reject the recommendation to proceed with the sale, and a petition to the Enterprise Chamber of the Amsterdam Court of Appeal to set this decision aside was unsuccessful.

The Group's future strategy is focused on eliminating the Group's losses in the UK. This will inevitably lead to significant further capacity reductions and concentration of operations onto fewer sites. A review by the Board is currently in progress and an announcement on its findings will be made as soon as possible. It was intended that the proceeds of the sale of the aluminium businesses would provide the capacity to finance the measures needed in the UK. However, in the light of the failure to gain approval for the sale, the Group will need to look afresh for finance from equity and debt providers and from the proceeds of disposals of non-core assets. The timing and extent of the further actions to be taken will be largely dependent upon the availability of such further financing.

In parallel with the sale of aluminium, discussions were well advanced with the Group's bankers on both an extension to the existing syndicated facility and a new three year facility. Discussions will now take place with the Group's bankers on a new three year facility that will take into account the Group's operational requirements based on its business plans, revised in the light of the sale of the aluminium businesses no longer taking place, and having regard to other financing and strategic options available to the Group. In the light of the information currently available, the directors believe that it should be possible to agree new facilities with the banks that are acceptable to the Company to be available before the existing facilities expire.

REVIEW OF THE PERIOD, continued

The financial statements have been prepared on a going concern basis, which assumes that the Group's bankers continue their support by providing new facilities acceptable to the Group to replace the existing syndicated facilities. Should the banks not support the Group in this respect, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Whilst the directors presently cannot be certain as to the outcome of the matters mentioned above, they believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Accounting policies

The financial statements to 28 December 2002 have been produced in accordance with the applicable accounting standards in the UK. They also include a reconciliation of earnings and equity under US GAAP as set out in note 11 of "Supplementary Information" in this release. Preparation of financial statements includes the need to make assumptions and estimations that affect the amount of assets, liabilities, revenues and expenses being reported. Actual results may differ from those estimated under different assumptions and conditions. For the period under review, the most significant areas of judgement for Corus related to tangible fixed assets, deferred tax and the value of provisions created in 2000 and 2001 for redundancy, rationalisation and other related costs.

There have been no new UK standards issued by the Accounting Standards Board since the last Report & Accounts. However, one standard, FRS 17 "Retirement Benefits" which was issued in November 2000 has disclosure requirements which do not need to be met until accounting periods ending on or after 22 June 2005. The standard has not been adopted, although the required transitional disclosure requirements are being made in the Report & Accounts for 2002. Information on the net pension asset is set out in note 10 of "Supplementary Information" in this release.

On 18 April 2002, Corus launched a revolving-period trade debtor securitisation programme in the UK. Under FRS 5 "Reporting the substance of transactions" the cash advanced has been offset against the assigned trade debtors as set out in note 7 of "Supplementary Information" in this release.

Forward looking statements

Statements in this release include "forward-looking statements" that express expectations of future events or results. All statements based on future expectations rather than on historical facts are forward-looking statements that involve a number of risks and uncertainties, and Corus cannot give assurance that such statements will prove to be correct.

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Audited 12 months to 28 Dec 2002 £m	Unaudited 6 months to 29 June 2002 £m	Audited 12 months to 29 Dec 2001 £m
TURNOVER			
Group and share of joint ventures	7,407	3,729	7,924
Less share of joint ventures' turnover	(219)	(153)	(225)
GROUP TURNOVER			
Continuing operations	7,188	3,576	7,619
Discontinued operations	-	-	80
	7,188	3,576	7,699
Operating costs before exceptional items	(7,581)	(3,828)	(8,076)
Rationalisation and impairment exceptional items (charged)/credited against operating costs	(53)	45	(8)
TOTAL OPERATING COSTS	(7,634)	(3,783)	(8,084)
GROUP OPERATING LOSS			
Continuing operations	(446)	(207)	(388)
Discontinued operations	-	-	3
	(446)	(207)	(385)
SHARE OF OPERATING RESULTS OF JOINT VENTURES AND ASSOCIATED UNDERTAKINGS			
Continuing operations	4	3	10
Discontinued operations	17	16	2
	21	19	12
TOTAL OPERATING LOSS	(425)	(188)	(373)
Profit on disposal of fixed assets	96	18	17
Profit/(loss) on disposal of group undertakings	19	(12)	2
LOSS BEFORE INTEREST NET INTEREST AND INVESTMENT INCOME	(310)	(182)	(354)
Group	(92)	(51)	(103)
Joint ventures and associated undertakings	(2)	(1)	(5)
LOSS BEFORE TAXATION	(404)	(234)	(462)
Taxation	(61)	(2)	43
LOSS AFTER TAXATION	(465)	(236)	(419)
Minority Interests	7	(1)	-
LOSS FOR FINANCIAL PERIOD	(458)	(237)	(419)
Dividends	-	-	-
LOSS RETAINED FOR THE PERIOD	(458)	(237)	(419)
Basic loss per ordinary share	(14.65)p	(7.58)p	(13.42)p
Diluted loss per ordinary share	(14.65)p	(7.58)p	(13.42)p

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CONSOLIDATED BALANCE SHEET

	Audited at 28 Dec 2002 £m	Unaudited at 29 June 2002 £m	Audited at 29 Dec 2001 £m
FIXED ASSETS			
Intangible assets	105	130	135
Tangible assets	2,871	3,046	3,064
Investments in joint ventures	84	126	128
Investments in associated undertakings	7	365	358
Other investments and loans	59	62	65
	<u>3,126</u>	<u>3,729</u>	<u>3,750</u>
CURRENT ASSETS			
Stocks	1,337	1,332	1,320
Debtors: amounts falling due after more than one year	457	492	468
Debtors: amounts falling due within one year	1,422	1,500	1,396
Less: securitisation of trade debtors	(181)	(185)	-
Net debtors falling due within one year	1,241	1,315	1,396
Short term investments	40	3	11
Cash at bank and in hand	230	201	173
	<u>3,305</u>	<u>3,343</u>	<u>3,368</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>(1,636)</u>	<u>(1,680)</u>	<u>(1,729)</u>
NET CURRENT ASSETS	<u>1,669</u>	<u>1,663</u>	<u>1,639</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	4,795	5,392	5,389
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Convertible bonds	(309)	(310)	(109)
Other borrowings	(1,119)	(1,456)	(1,503)
Other creditors	(36)	(28)	(34)
PROVISIONS FOR LIABILITIES AND CHARGES	(522)	(581)	(576)
ACCRUALS AND DEFERRED INCOME			
Regional development and other grants	(40)	(43)	(46)
	<u>2,769</u>	<u>2,974</u>	<u>3,121</u>
CAPITAL AND RESERVES			
Called up share capital	1,565	1,565	1,564
Share premium account	7	6	5
Statutory reserve	2,338	2,338	2,338
Other reserves	201	201	201
Profit and loss account	(1,389)	(1,194)	(1,047)
SHAREHOLDERS' FUNDS – EQUITY INTERESTS	<u>2,722</u>	<u>2,916</u>	<u>3,061</u>
MINORITY INTERESTS			
Equity interests in subsidiary undertakings	47	58	60
	<u>2,769</u>	<u>2,974</u>	<u>3,121</u>

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Audited 12 months to 28 Dec 2002 £m	Unaudited 6 months to 29 June 2002 £m	Audited 12 months to 29 Dec 2001 £m
Loss for financial period	(458)	(237)	(419)
Exchange translation differences on foreign currency net investments	83	90	(58)
Total recognised losses relating to the period	(375)	(147)	(477)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Audited at 28 Dec 2002 £m	Unaudited at 29 June 2002 £m	Audited at 29 Dec 2001 £m
Shareholders' funds at beginning of period	3,061	3,061	3,495
Loss for the period	(458)	(237)	(419)
Exchange translation differences on foreign currency net investments	83	90	(58)
Transfer of goodwill	33	-	40
New shares issued	3	2	3
Shareholders' funds at end of the period	2,722	2,916	3,061

CORUS GROUP plc

CONSOLIDATED CASH FLOW STATEMENT

	Audited 12 months to 28 Dec 2002 £m	Unaudited 6 months to 29 June 2002 £m	Audited 12 months to 29 Dec 2001 £m
Net cash inflow/(outflow) from operating activities	41	(6)	172
Dividends from joint ventures and associated undertakings	8	5	9
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest and other dividends received	15	7	16
Interest paid	(97)	(49)	(124)
Issue costs of new loans	(4)	-	-
Interest element of finance lease rental payments	(1)	(1)	(2)
Net cash outflow from returns on investments and servicing of finance	(87)	(43)	(110)
TAXATION			
UK corporation tax received/(paid)	2	5	5
Overseas tax (paid)/received	(16)	(7)	8
Tax (paid)/received	(14)	(2)	13
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets	(176)	(78)	(167)
Sale of tangible fixed assets	112	31	37
Purchase of other fixed asset investments	(7)	(7)	(3)
Purchase of intangible fixed assets	(1)	(1)	-
Loans to joint ventures and associated undertakings	-	-	-
Repayment of loans by joint ventures and associated undertakings	15	14	3
Net cash outflow from capital expenditure and financial investment	(57)	(41)	(130)
ACQUISITIONS AND DISPOSALS			
Net overdraft acquired with subsidiary undertakings and businesses	(5)	(1)	-
Investments in joint ventures and associated undertakings	(3)	(2)	(12)
Sale and exchange of businesses and subsidiary undertakings	2	2	52
Sale of joint ventures and associated undertakings	451	(1)	9
Net cash inflow/(outflow) from acquisitions and disposals	445	(2)	49

CORUS GROUP plc

CONSOLIDATED CASH FLOW STATEMENT, continued

	Audited 12 months to 28 Dec 2002 £m	Unaudited 6 months to 29 June 2002 £m	Audited 12 months to 29 Dec 2001 £m
Equity dividends paid to shareholders	-	-	-
Net cash inflow/(outflow) before use of liquid resources and financing	<u>336</u>	<u>(89)</u>	<u>3</u>
Management of liquid resources: Net (purchase)/sale of short term investments	(28)	8	27
FINANCING			
Issue of ordinary shares	<u>3</u>	<u>2</u>	<u>-</u>
Cash inflow from issue of ordinary shares	<u>3</u>	<u>2</u>	<u>-</u>
New loans	231	186	282
Repayment of borrowings	(508)	(71)	(333)
New finance lease	25	-	-
Capital element of finance lease rental payments	<u>(14)</u>	<u>(3)</u>	<u>(9)</u>
(Decrease)/increase in debt	<u>(266)</u>	<u>112</u>	<u>(60)</u>
Net cash (outflow)/inflow from financing activities	<u>(263)</u>	<u>114</u>	<u>(60)</u>
INCREASE/(DECREASE) IN CASH IN PERIOD	<u>45</u>	<u>33</u>	<u>(30)</u>

CORUS GROUP plc

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Audited 12 months to 28 Dec 2002 £m	Unaudited 6 months to 29 June 2002 £m	Audited 12 months to 29 Dec 2001 £m
Increase/(decrease) in cash	45	33	(30)
Increase/(decrease) in liquid resources	28	(8)	(27)
Decrease/(increase) in debt	266	(112)	60
Issue costs of new loans	4	-	-
	<hr/>	<hr/>	<hr/>
Change in net funds resulting from cash flows in period	343	(87)	3
Debt and liquid resources (acquired)/exchanged/disposed of	(4)	-	103
Effect of foreign exchange rate changes	(24)	(33)	10
Other non cash items	9	-	-
	<hr/>	<hr/>	<hr/>
Movement during the period	324	(120)	116
Net debt at beginning of the period	<hr/> (1,560)	<hr/> (1,560)	<hr/> (1,676)
Net debt at end of the period	<hr/> (1,236)	<hr/> (1,680)	<hr/> (1,560)

ANALYSIS OF NET BORROWINGS

	Audited at 28 Dec 2002 £m	Unaudited at 29 June 2002 £m	Audited at 29 Dec 2001 £m
Cash at bank and in hand	230	201	173
Bank overdrafts	(36)	(20)	(27)
Short term investments	40	3	11
Other short term loans	(41)	(94)	(101)
Long term borrowings	(1,386)	(1,742)	(1,586)
Obligations under finance leases	(43)	(28)	(30)
	<hr/>	<hr/>	<hr/>
	(1,236)	(1,680)	(1,560)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CORUS GROUP plc

SUPPLEMENTARY INFORMATION

1. Turnover & operating result

	Audited 12 months to 28 Dec 2002 £m	Unaudited 6 months to 29 June 2002 £m	Audited 12 months to 29 Dec 2001 £m
SEGMENTAL TURNOVER			
Carbon steel products	4,742	2,361	4,792
Distribution & further processing	1,236	602	1,433
Other turnover	253	113	309
	<hr/>	<hr/>	<hr/>
Carbon steel	6,231	3,076	6,534
Aluminium	957	500	1,085
Discontinued operations	-	-	80
	<hr/>	<hr/>	<hr/>
Group turnover	7,188	3,576	7,699
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
BY DESTINATION			
UK	2,071	1,046	2,291
Europe (excluding UK)	3,658	1,817	3,899
North America	881	435	889
Other areas	578	278	620
	<hr/>	<hr/>	<hr/>
	7,188	3,576	7,699
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
PRODUCT TURNOVER			
Carbon steel products:			
UK	1,643	830	1,737
Europe (excluding UK)	2,283	1,134	2,258
North America	548	261	504
Other areas	268	136	293
	<hr/>	<hr/>	<hr/>
	4,742	2,361	4,792
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Aluminium (*):			
UK	87	45	104
Europe (excluding UK)	634	335	737
North America	165	85	171
Other areas	71	35	73
	<hr/>	<hr/>	<hr/>
	957	500	1,085
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
(*): comprising:			
Primary metal	123	68	189
Rolled products	633	331	683
Extrusions	201	101	213
	<hr/>	<hr/>	<hr/>
	957	500	1,085
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CORUS GROUP plc

SUPPLEMENTARY INFORMATION

	Audited 12 months to 28 Dec 2002	Unaudited 6 months to 29 June 2002	Audited 12 months to 29 Dec 2001
GROUP OPERATING RESULT (before exceptional items)	£m	£m	£m
Carbon steel	(422)	(273)	(436)
Aluminium	29	21	56
Discontinued operations	-	-	3
	<u>(393)</u>	<u>(252)</u>	<u>(377)</u>
GROUP OPERATING RESULT (after exceptional items)	£m	£m	£m
Carbon steel	(467)	(228)	(446)
Aluminium	21	21	58
Discontinued operations	-	-	3
	<u>(446)</u>	<u>(207)</u>	<u>(385)</u>
2. Sales volume	kt	kt	kt
Carbon steel products:			
UK	5,896	2,989	6,146
Europe (excluding UK)	8,138	4,130	7,994
North America	1,677	811	1,573
Other areas	910	457	1,163
	<u>16,621</u>	<u>8,387</u>	<u>16,876</u>
Aluminium(*):			
UK	62	32	78
Europe (excluding UK)	373	195	429
North America	96	48	78
Other areas	29	16	36
	<u>560</u>	<u>291</u>	<u>621</u>
(*): comprising:			
Primary metal	147	77	210
Rolled products	324	168	320
Extrusions	89	46	91
	<u>560</u>	<u>291</u>	<u>621</u>

CORUS GROUP plc

SUPPLEMENTARY INFORMATION

	Audited 12 months to 28 Dec 2002 £m	Unaudited 6 months to 29 June 2002 £m	Audited 12 months to 29 Dec 2001 £m
3. Total operating costs			
Raw materials & consumables	3,339	1,634	3,539
Maintenance costs (excluding own labour)	682	378	706
Other external charges	1,209	628	1,272
Employment costs	1,568	789	1,633
Depreciation & amortisation (net of grants released)	445	161	376
Other operating costs	436	197	543
Changes in stock	(34)	1	61
Own work capitalised	(11)	(5)	(46)
	7,634	3,783	8,084
	7,634	3,783	8,084
4. Exceptional items			
As included in total operating costs:			
- Redundancy & related costs	(14)	(3)	(9)
- Accelerated depreciation	82	(11)	5
- Accelerated amortisation	23	-	-
- Other asset write-downs	(3)	(1)	(13)
- Other rationalisation costs	(35)	(30)	25
	53	(45)	8
	53	(45)	8
5. Net interest & investment income			
Interest receivable	17	7	15
Interest payable	(108)	(57)	(116)
Finance leases	(1)	(1)	(2)
	(92)	(51)	(103)
Group	(92)	(51)	(103)
Joint ventures & associated undertakings	(2)	(1)	(5)
	(94)	(52)	(108)
	(94)	(52)	(108)

CORUS GROUP plc

SUPPLEMENTARY INFORMATION

6. Taxation	Audited 12 months to 28 Dec 2002 £m	Unaudited 6 months to 29 June 2002 £m	Audited 12 months to 29 Dec 2001 £m
UK corporation tax	2	2	25
Double tax relief	(2)	(2)	(25)
UK prior year (credit)/charge	(3)	4	1
Overseas prior year charge/(credit)	19	-	(7)
Overseas taxes	15	(9)	28
Current tax	31	(5)	22
UK deferred tax	40	-	(58)
Overseas deferred tax	(16)	2	(12)
Group tax	55	(3)	(48)
Joint ventures	2	1	3
Associated undertakings	4	4	2
	61	2	(43)

Deferred tax is accounted for under FRS 19 'Deferred Tax', which was adopted by the Group from 1 January 2001. Deferred tax assets amounting to £137m have been recognised. The deferred tax assets in respect of tax losses are recoverable against future forecast taxable profits within a time horizon that the directors consider to be more likely than not to occur. Deferred tax assets have not been recognised in respect of losses with a value of £1,390m, of which £831m are UK losses.

7. Securitisation of trade debtors	£m	£m	£m
Securitized gross trade debtors	293	315	-
Less non-returnable proceeds	(181)	(185)	-
Net securitized trade debtors	112	130	-
Other trade debtors	883	940	-
Total trade debtors	995	1,070	-

8. Reconciliation of operating result to net cash flow from operating activities	£m	£m	£m
Operating loss	(446)	(207)	(385)
Depreciation & amortisation (net of grants released)	445	161	376
Exceptional items (excluding accelerated depreciation)	(52)	(34)	3
Utilisation of provisions	(57)	(27)	(137)
Decrease/(increase) in stocks	27	22	41
Decrease/(increase) in debtors	218	81	177
(Decrease)/increase in creditors	(83)	(2)	91
Other movements (net)	(11)	-	6
	41	(6)	172

CORUS GROUP plc

SUPPLEMENTARY INFORMATION

	Audited 12 months to 28 Dec 2002	Unaudited 6 months to 29 June 2002	Audited 12 months to 29 Dec 2001
9. Employees	number	number	number
Average weekly numbers employed:			
UK	25,900	26,300	28,800
Netherlands	11,900	12,000	12,400
Other countries	13,800	13,800	14,400
	<u>51,600</u>	<u>52,100</u>	<u>55,600</u>
Numbers employed at end of period:			
UK	25,400	25,800	26,700
Netherlands	11,800	11,900	12,200
Other countries	13,700	13,900	13,800
	<u>50,900</u>	<u>51,600</u>	<u>52,700</u>
10. Pensions	£m	£m	£m
As measured in accordance with the UK requirements of FRS17:			
Total market value of assets	10,395	11,048	11,255
Present value of scheme liabilities	<u>(10,307)</u>	<u>(9,685)</u>	<u>(9,502)</u>
Surplus in the scheme	88	1,363	1,753
Non-recoverable surplus	<u>-</u>	<u>(222)</u>	<u>(503)</u>
Recoverable surplus	88	1,141	1,250
Related deferred tax liability	<u>(20)</u>	<u>(351)</u>	<u>(385)</u>
Net pension asset	<u>68</u>	<u>790</u>	<u>865</u>

CORUS GROUP plc

SUPPLEMENTARY INFORMATION

11. US GAAP

	Audited 12 months to 28 Dec 2002 £m	Unaudited 6 months to 29 June 2002 £m	Audited 12 months to 29 Dec 2001 £m
Loss for the period	(458)	(237)	(419)
Adjustments:			
Amortisation of goodwill	9	6	(5)
Impairment of US GAAP goodwill on adoption of SFAS 142 (net of release of negative goodwill)	(22)	(22)	-
Depreciation of fixed assets	-	-	5
Profit/(loss) on sale of associated undertaking/subsidiary	123	15	(202)
Interest costs capitalised	6	4	8
Depreciation of capitalised interest	(18)	(9)	(16)
Pension costs	95	60	100
Stock-based employee compensation awards	(15)	(8)	(9)
Accelerated depreciation	(151)	(8)	(21)
Profit on disposal of fixed assets	(23)	-	-
Deferred taxation	29	(18)	18
Profit/(loss) on commodity derivatives	22	25	(25)
Profit/(loss) on foreign currency derivatives	5	(3)	(4)
Loss for the period – US GAAP	(398)	(195)	(570)
Basic loss per ADS – US GAAP	£(1.27)	£(0.62)	£(1.83)
Diluted loss per ADS – US GAAP	£(1.27)	£(0.62)	£(1.83)
Shareholders' equity	2,722	2,916	3,061
Adjustments:			
Additional goodwill under US GAAP	6	3	99
UK GAAP goodwill on AvestaPolarit	-	(75)	(93)
Fixed assets	-	-	(77)
Purchase consideration	(26)	(26)	(26)
Interest costs capitalised (net of depreciation)	111	114	119
Pension costs	286	302	242
Accelerated depreciation	155	298	306
Deferred taxation	(129)	(196)	(178)
Liabilities for derivatives	(2)	(7)	(29)
Deferred profits on fixed asset disposals	(23)	-	-
Shareholders' equity – US GAAP	3,100	3,329	3,424