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# Interim report for the 6 months to 1 July 2006

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This Interim Report sets out the results for the three months to 1 July 2006 and six months to 1 July 2006. Unless otherwise stated, comparisons are to the three months ended 1 April 2006 and six months ended 2 July 2005. The information in this interim statement is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The Board approved this document on 30 August 2006. The comparative figures for the financial year ended 31 December 2005 are not the Company's statutory accounts for that financial year. The comparative figures for this period have been restated in accordance with IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations', explained on page 1 'Review of the period'. The statutory accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

# Review of the period

As required by IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations', Corus' Aluminium rolled products and extrusions businesses have continued to be classified as a business held for sale and a discontinued operation. The disposal of these businesses to Aleris International Inc. was completed on 1 August 2006. Turnover, group operating profit and profit before tax for all periods presented exclude the results of these businesses, which are only shown as a single net amount in the consolidated income statement below profit after tax. All comparative periods have been restated for the reclassification. Assets and liabilities related to discontinued operations, to the extent that they are not already eliminated on consolidation, have been excluded from the individual lines of the consolidated balance sheet and shown separately as being held for sale as at 1 July 2006. No prior period restatement is required for the balance sheet.

## Income statement

In the second quarter of 2006, Corus generated a profit after tax of £82m (Q2 2005: £171m), of which £73m related to continuing operations (Q2 2005: £180m) and £9m to discontinued operations (Q2 2005: £9m loss). This took the profit after tax for the six months ended 1 July 2006 to £127m (2005: £337m) and basic earnings per share to 13.69p (2005: 37.80p).

## Continuing operations

### H1 2006 v H1 2005 comparison

Group turnover in the first half of 2006 at £4,694m, was 3% lower when compared to the previous year (2005: £4,832m). Total deliveries increased by 6% to 10.6mt (2005: 10.0mt) and included an additional 0.5mt of slab supplied from Teesside under the off-take agreement completed in January 2005. Average steel selling prices were 8% lower than the first half of 2005 following the significant reduction in selling prices experienced during the second half of last year.

Operating costs in the six months were £4,389m and included a £96m non-recurring pension credit, primarily related to the revised contribution and benefits framework of the British Steel Pension Scheme (BSPS), agreed in February 2006. Excluding this pension credit, operating costs increased by 3% (2005: £4,347m) and reflected the impact of increased input costs, particularly coal, iron ore, energy and zinc, and higher production volumes, offset by savings from the Group's Restoring Success programme. The result also included the impact of commissioning costs at Engineering Steels that have continued to adversely affect manufacturing performance.

Group operating profit in the six months was £305m (2005: £485m) and included a net charge for restructuring and impairment costs of £7m (2005: £24m), mainly associated with the Long Products division. Operating profit also included profit on sale of fixed assets and group undertakings of £15m (2005: £9m) primarily related to the disposal of surplus land, offset by a loss on disposal

of the Cogent Power lamination businesses (see 'Acquisitions and disposals' on page 8).

Net finance costs in the six months increased by £97m to £144m (2005: £47m), reflecting the £87m premium paid in March to redeem the £150m 11.5% debenture due 2016. Net finance costs also included a £14m charge in relation to the fair value of the equity option within the Group's convertible bonds (2005: £3m gain).

The share of post-tax profits of joint ventures and associates in the six months increased to £6m (2005: £1m).

The net tax charge was £61m (2005: £99m) and related entirely to the Group's overseas operations.

### Q2 2006 v Q1 2006 comparison

In the second quarter of 2006, Group turnover increased by 5% to £2,405m (Q1 2006: £2,289m) as deliveries increased to 5.5mt (Q1 2006: 5.2mt), primarily reflecting higher sales from the Group's international trading and projects business. Announced price increases of between 5-7% were secured across a range of strip and long products, although average revenue per tonne remained broadly unchanged. This reflected a different sales mix in the quarter from the Strip Products division, related to lower sales from the electrical steel laminations businesses that were sold during the quarter and lower coated tube sales, and the higher trading and projects business volumes within the Distribution & Building Systems division.

Operating costs in the second quarter at £2,276m were 8% higher than the first quarter (Q1 2006: £2,113m), which included the non-recurring pension credit outlined above. Excluding this credit, operating costs increased by 3% reflecting the impact of increased volumes, higher raw material costs, particularly iron ore and zinc, offset by further benefits from the Group's Restoring Success programme.

The Group generated an operating profit from continuing operations of £129m compared to £176m in the first quarter that included the non-recurring pension credit of £96m.

Net finance costs at £28m decreased by £88m when compared to the first quarter of 2006 that included a charge of £87m in respect of the premium paid on the early redemption of the £150m debenture.

The Group's share of post-tax profits of joint ventures and associates increased to £5m reflecting the improved market conditions in the second quarter of the year (Q1 2006: £1m).

The net tax charge of £33m compared to £28m in the first quarter of 2006 and related entirely to the Group's overseas operations.

## **Profit after taxation: discontinued operations – Aluminium rolled products and extrusions businesses**

On 1 August 2006, Corus completed the sale of its downstream Aluminium rolled products and extrusions businesses to Aleris International Inc. for a gross consideration of €826m (circa £570m). In accordance with IFRS 5, these businesses have been classified as held for sale and discontinued operations. The results of these businesses are summarised in note 8 on page 18. In the first six months of 2006, they generated a profit after tax of £21m, compared to a loss of £3m in the first half of 2005. The improvement reflected a combination of 18% higher selling prices, a better product mix and improved manufacturing performance that more than offset increased raw material costs and 2% lower deliveries. In the second quarter of 2006 the profit after tax was £9m compared to £12m in the first quarter of 2006.

Assets of £760m and liabilities of £323m primarily related to these businesses, excluding balances eliminated on consolidation, have been classified as held for sale on the face of the Group's balance sheet.

## **Cash flow and net debt**

### **Net cash flow from operating activities**

There was a small net cash inflow from operating activities of £4m during the second quarter of 2006. The operating profit for the quarter of £129m and depreciation and amortisation of £67m were offset by a £90m increase in working capital requirements, a £27m non-cash movement in retirement benefit assets and obligations, and interest and tax payments of £48m and £22m respectively.

The quarterly movement took the total outflow for the first six months of the year to £255m. Working capital requirements in this period were £374m, reflecting an increase in trade receivables combined with the continued build-up of slab inventory ahead of the blast furnace relines at IJmuiden that begins in September 2006. In addition to normal interest and tax payments, the half-year also included the £87m premium paid to redeem the £150m debenture redeemed during the first quarter of the year.

### **Net cash flow from investing activities**

The outflow during the second quarter on investing activities was £50m, bringing the six months total to £129m. This primarily reflected capital expenditure in the first half of the year of £186m, partially offset by disposal proceeds from the sale of surplus land and other investments.

### **Net cash flow from financing activities**

The cash outflow on financing activities during the second quarter was £50m and primarily related to the £44m payment of the final dividend for 2005. This increased the outflow for the six months to £198m, including the redemption of the nominal value of the £150m debenture, explained above.

Overall, net cash and cash equivalents, including foreign exchange rate changes, have decreased by £584m during the first half of 2006.

### **Net debt**

Net debt was £1,399m at the end of June 2006 (H1 2005: £1,131m) and included a £145m initial increase due to the adoption of IFRIC 4 from January 2006. IFRIC 4 'Determining whether an arrangement contains a lease' has resulted in a number of long-term supply arrangements being treated as finance leases. Comparative numbers for 2005 have not been restated for IFRIC 4. Net debt also includes £268m associated with the adoption of IAS 32 and 39 in 2005 that require drawings under the Group's receivables securitisation programme to be treated as debt.

The increase in net debt when compared to the year-end position of £821m was primarily driven by the impact of adopting IFRIC 4, combined with the premium paid to redeem the £150m debenture and the build-up of working capital outlined above.

### **Balance sheet: net retirement benefit assets**

As at 1 July 2006, net assets increased to £3,675m compared to £3,300m at 2 July 2005 and £3,378m at 31 December 2005. The increase in net assets primarily reflected a net retirement benefit asset of £208m at 1 July 2006, compared to net liabilities of £307m at 2 July 2005 and £284m at the year-end. During the first six months the surplus on the BSPS scheme increased to £375m, driven by a combination of a recovery in bond yields used to discount scheme liabilities, equity market performance and the reduction in future liabilities secured as part of the new framework and benefits agreement related to this scheme.

### **Share consolidation**

At Corus' AGM on 9 May 2006, shareholders approved the consolidation of Corus' existing share capital. One new ordinary share of 50 pence has now been issued for every 5 existing ordinary shares of 10 pence. The new 50 pence ordinary shares began trading on Monday 15 May 2006 at an opening price of 5 times the closing price on the previous Friday. Earnings per share have been restated for this share consolidation.

### **Divisional performance**

The Group structure comprises four main operating divisions – Strip Products, Long Products, Distribution & Building Systems and Aluminium. The main components of these divisions are noted in Appendix 1 of this release on page 22.

## Strip Products Division

Q2 2006	Q1 2006	Q2 2005	£m unless stated	H1 2006	H1 2005
<b>1,333</b>	1,340	1,384	Turnover	<b>2,673</b>	2,724
<b>2,927</b>	2,969	2,933	Deliveries (kt)	<b>5,896</b>	5,726
<b>81</b>	105	228	Operating profit	<b>186</b>	407
<b>87</b>	106	230	Operating profit (before restructuring, impairment and disposals)	<b>193</b>	410

### H1 2006 v H1 2005 comparison

- Gross turnover in the first six months of 2006 at £2,673m was 2% lower than 2005. Average selling prices were 5% lower, reflecting the significant fall in selling prices in the second half of last year. The impact of lower selling prices was offset by a 3% increase in deliveries to 5.9mt (2005: 5.7mt) due in part to an increase in steel production at Port Talbot as part of the UK restructuring programme.
- The operating profit, excluding restructuring and impairment costs and disposal profits, was £193m, compared to £410m in 2005, when market conditions were significantly more favourable. Lower selling prices and higher raw material and energy costs, more than offset the benefit of increased deliveries and benefits from Restoring Success.

### Q2 2006 v Q1 2006

- Announced price increases in the second quarter of between 5-7% were secured across a wide range of strip products. The increase in average revenue per tonne was restricted to only 1% however and reflected a revised sales mix, in particular, lower sales from the electrical steel laminations businesses that were sold during the quarter and lower coated tube volumes.
- Excluding restructuring and impairment costs and disposal profits, the underlying operating profit was £87m, compared to £106m in the first quarter, reflecting the impact of higher raw material costs, particularly iron ore, zinc and scrap, in the second quarter.

## Long Products Division

Q2 2006	Q1 2006	Q2 2005	£m unless stated	H1 2006	H1 2005
<b>702</b>	648	737	Turnover	<b>1,350</b>	1,444
<b>1,933</b>	1,852	1,886	Deliveries (kt)	<b>3,785</b>	3,728
<b>34</b>	(29)	45	Operating profit/(loss)	<b>5</b>	91
<b>26</b>	(26)	50	Operating profit/(loss) (before restructuring, impairment and disposals)	<b>-</b>	105

### H1 2006 v H1 2005 comparison

- Gross turnover in the first six months of 2006 of £1,350m was 7% lower than 2005 driven by an 8% reduction in average selling prices that reached their lowest point in the first quarter of 2006. Selling prices improved in the second quarter of 2006 as stock levels returned to normal and demand for core long products in the UK market improved. Total deliveries increased by 2% to 3.8mt (2005: 3.7mt).
- The commissioning of new assets at Engineering Steels, as part of the UK restructuring programme remained challenging in part due to the complex, high value product mix with an estimated impact of some £35m in the first six months. Progress continues to be made and the division remains confident that the projected benefits from the restructuring project will be delivered.
- Excluding restructuring and impairment costs and disposal profits, the division generated a breakeven operating result in the first six months of 2006 (2005: £105m). This reflected a significant cost/price squeeze driven by a combination of higher operating costs, particularly raw materials and energy, the impact of commissioning new assets and lower selling prices, particularly for commodity grade products.

### Q2 2006 v Q1 2006

- Average selling prices in the second quarter of 2006 increased by 4%, reflecting a price recovery in the market for long products particularly in the construction sector, combined with higher selling prices for sections and commodity grade rod influenced by higher scrap prices. Total deliveries increased by 4% to 1.9mt.
- The operating profit in the second quarter, excluding restructuring and impairment costs and disposal profits, improved significantly to £26m. The recovery in selling prices and improved operational performance more than offset further raw material cost increases.
- Good progress continues to be made with the first phase of the £130m investment announced last year to improve the competitive position of sections, rail and wire rod. This has allowed rail production at the Workington site to end during August 2006, with production at Scunthorpe due to commence in the fourth quarter of 2006.

## Distribution & Building Systems Division

Q1 2006	Q1 2006	Q2 2005	£m unless stated	H1 2006	H1 2005
<b>760</b>	680	857	Turnover	<b>1,440</b>	1,585
<b>1,719</b>	1,462	1,755	Deliveries (kt)	<b>3,181</b>	3,337
<b>19</b>	12	13	Operating profit	<b>31</b>	28
<b>18</b>	3	14	Operating profit (before restructuring, impairment and disposals)	<b>21</b>	30

### H1 2006 v H1 2005 comparison

- Gross turnover for Distribution & Building Systems at £1,440m was 9% lower than 2005, driven by weaker market conditions. Average selling prices decreased by 5% with lower selling prices for the distribution business in line with those experienced by both the Long Products and Strip Products divisions. Total deliveries also decreased 5% to 3.2mt (2005: 3.3mt), mainly in the division's international trading and projects business.
- The underlying operating profit in the six months was £21m excluding restructuring and impairment costs and disposal profits, compared to £30m in 2005 when market conditions were more favourable.

### Q2 2006 v Q1 2006

- Gross turnover increased by 12% compared to the first quarter of 2006. Deliveries increased by 18% to 1.7mt (Q1 2006: 1.5mt) reflecting an increase in sales to the construction sector and from the trading and projects business. Overall, the division's average selling price reduced by some 5%. Excluding the trading and projects business however, average selling prices increased by some 3%, broadly in line with the increases secured by the Long Products and Strip Products divisions.
- The underlying operating result improved by £15m to £18m in the second quarter of 2006, reflecting the improved market conditions and increased sales, particularly to the construction sector.

**Aluminium Division: continuing operations**

Q1 2006	Q1 2006	Q2 2005	£m unless stated	H1 2006	H1 2005
<b>28</b>	30	23	Turnover	<b>58</b>	48
<b>21</b>	22	23	Deliveries (kt)	<b>43</b>	50
<b>(11)</b>	(1)	15	Operating profit/(loss)	<b>(12)</b>	14
<b>(11)</b>	(1)	15	Operating (loss)/profit (before restructuring, impairment and disposals)	<b>(12)</b>	14

Corus' aluminium smelting operations are not part of the transaction with Aleris International Inc., and will remain within the Group. The following results therefore relate to the current external activities of the Group's smelting and metal trading operations only. Sales to the rolled products and extrusion businesses are eliminated on consolidation and are not included below. In 2005 sales to these businesses totalled £213m. On completion of the disposal of the rolled products and extrusion businesses to Aleris International Inc., sales to these businesses will be included within external Group turnover.

**Q2 2006 v Q1 2006**

- The operating loss for the second quarter of 2006 was £11m compared to £1m in the first quarter of 2006. This reflected a £6m charge for the IAS 39 treatment of the Voerde electricity contract outlined above combined with 5% lower deliveries and a 2% decrease in average selling prices.

**H1 2006 v H1 2005 comparison**

- The underlying operating loss in the first six months of 2006, excluding restructuring and impairment costs and disposal profits was £12m compared to a profit of £14m in the first half of 2005. This included movements in the fair value of financial instruments under IAS 39, particularly a charge related to the treatment of the long-term electricity contract at the Voerde smelter in Germany. The impact of higher energy and alumina costs more than offset the benefit of higher selling prices, driven by the higher LME metal price.

## Central and other

Certain other costs are not allocated to divisions, including stewardship, corporate governance and country holdings, Group consolidation entries; and other non-recurring costs. Central items reflect a net credit of £95m in the first half of 2006, including the £96m pension credit explained above. This compared to a net cost of £55m in the first half of 2005. In addition to the pension credit, the improvement in central items also reflected the benefit of positive exchange rate changes, lower financing and self-insurance costs, and the sale of surplus emission rights.

Central items in the second quarter of 2006 were a net credit of £6m compared to a credit of £89m in the first quarter that included in the £96m non-recurring pension credit, explained above.

## Acquisitions and disposals

On 10 May 2006 Corus announced that it had signed a sale and purchase agreement with Companhia Siderurgica Nacional (CSN) for the sale of Corus' 50% share in Lusosider Projectos Siderurgicos S.A., a Portuguese company producing pickled hot rolled, cold rolled, hot-dip galvanised and tin plate steel, for a consideration of €25m (approximately £17m).

On 12 May 2006, Cogent Power Limited (a 75% owned subsidiary of Corus) announced that it had signed a sale and purchase agreement with Bavaria Industriekapitale AG for the sale of Cogent's lamination businesses, which produce electrical steel laminations in Germany, Hungary and the UK. The sale was completed on 17 June 2006.

## Accounting policies

These unaudited consolidated financial statements for the six months ended 1 July 2006 have been prepared in accordance with the listing rules of the Financial Services Authority and apply the accounting policies set out in the Report and Accounts 2005, on pages 96 to 103. However, during 2006 an amendment to IAS 39 'Financial guarantee contracts' and IFRIC 4 'Determining whether an Arrangement contains a Lease' have been implemented. The amendment to IAS 39 has no material effect on either the current or prior periods. IFRIC 4, which has been adopted from 1 January 2006 with no prior period restatement, resulted in the recognition of additional finance lease obligations of £145m and additional property plant and equipment of £142m, thereby reducing opening net equity by £3m. These represent specific assets used to service certain long-term supply arrangements. The adoption of IFRIC 4 was also recognised in the unaudited quarterly consolidated financial statements for the three months ended 1 April 2006, which were announced on 31 May 2006.

# Consolidated income statement

Unaudited Q2 2006 £m	Unaudited Q1 2006 £m	Restated unaudited Q2 2005 £m		Note	Unaudited H1 2006 £m	Restated unaudited H1 2005 £m
<b>2,405</b>	2,289	2,487	<b>Group turnover</b>	1	<b>4,694</b>	4,832
<b>(2,276)</b>	(2,113)	(2,220)	Total operating costs	3	<b>(4,389)</b>	(4,347)
<b>129</b>	176	267	<b>Group operating profit</b>	5	<b>305</b>	485
<b>(32)</b>	(128)	(30)	Finance costs	6	<b>(160)</b>	(61)
<b>4</b>	12	6	Finance income	6	<b>16</b>	14
<b>5</b>	1	(2)	Share of post-tax profits/(losses) of joint ventures and associates		<b>6</b>	1
<b>106</b>	61	241	<b>Profit before taxation</b>		<b>167</b>	439
<b>(33)</b>	(28)	(61)	Taxation	7	<b>(61)</b>	(99)
<b>73</b>	33	180	Profit after taxation from continuing operations		<b>106</b>	340
<b>9</b>	12	(9)	Profit/(loss) after taxation from discontinued operations	8	<b>21</b>	(3)
<b>82</b>	45	171	<b>Profit after taxation</b>		<b>127</b>	337
			<b>Attributable to:</b>			
<b>81</b>	41	170	Equity holders of the parent		<b>122</b>	335
<b>1</b>	4	1	Minority interests		<b>5</b>	2
<b>82</b>	45	171			<b>127</b>	337
			<b>Earnings per share</b>			
<b>9.09p</b>	4.60p	19.20p	Basic earnings per ordinary share	14	<b>13.69p</b>	37.80p
<b>8.08p</b>	3.40p	17.90p	Diluted earnings per ordinary share		<b>11.48p</b>	35.00p

# Consolidated balance sheet

	Note	Unaudited 1 July 2006 £m	Unaudited 2 July 2005 £m	Audited 31 December 2005 £m
<b>Non-current assets</b>				
Goodwill		69	82	83
Other intangible assets		56	46	56
Property, plant and equipment		2,650	2,745	2,820
Equity accounted investments		94	100	95
Other financial investments		75	103	113
Other financial assets		6	–	–
Retirement benefit assets		460	176	157
Deferred tax assets		156	175	172
		<b>3,566</b>	3,427	3,496
<b>Current assets</b>				
Inventories		1,908	1,972	1,954
Trade and other receivables		1,629	1,782	1,512
Current tax assets		34	–	21
Other financial assets		53	98	85
Short term investments		8	1	–
Cash and short term deposits		299	640	871
		<b>3,931</b>	4,493	4,443
Assets held for sale	10	760	–	3
		<b>4,691</b>	4,493	4,446
<b>TOTAL ASSETS</b>		<b>8,257</b>	7,920	7,942
<b>Current liabilities</b>				
Short term borrowings		(387)	(452)	(384)
Trade and other payables		(1,756)	(1,781)	(1,844)
Current tax liabilities		(60)	(81)	(79)
Other financial liabilities		(94)	(18)	(38)
Retirement benefit obligations		(1)	(4)	(5)
Short term provisions and other liabilities		(83)	(140)	(117)
		<b>(2,381)</b>	(2,476)	(2,467)
Liabilities directly associated with assets held for sale	10	(323)	–	–
		<b>(2,704)</b>	(2,476)	(2,467)
<b>Non-current liabilities</b>				
Long term borrowings		(1,283)	(1,320)	(1,308)
Deferred tax liabilities		(114)	(134)	(126)
Retirement benefit obligations		(251)	(479)	(436)
Provisions for liabilities and charges		(102)	(117)	(116)
Other non-current liabilities		(54)	(27)	(46)
Deferred income		(74)	(67)	(65)
		<b>(1,878)</b>	(2,144)	(2,097)
<b>TOTAL LIABILITIES</b>		<b>(4,582)</b>	(4,620)	(4,564)
<b>NET ASSETS</b>		<b>3,675</b>	3,300	3,378
<b>Equity</b>				
Called up share capital		1,698	1,697	1,697
Share premium account		175	171	173
Statutory reserve	15	–	2,338	–
Other reserves		302	201	283
Consolidated reserves		1,480	(1,134)	1,199
Amounts recognised directly in equity relating to net assets held for sale		(10)	–	–
<b>Equity attributable to equity holders of parent</b>		<b>3,645</b>	3,273	3,352
Minority interests		30	27	26
<b>TOTAL EQUITY</b>		<b>3,675</b>	3,300	3,378

# Statement of recognised income and expense

Unaudited Q2 2006 £m	Unaudited Q1 2006 £m	Unaudited Q2 2005 £m		Unaudited H1 2006 £m	Unaudited H1 2005 £m
(61)	295	(143)	Actuarial gains/(losses) on defined benefit plans	234	(150)
8	(28)	26	Movement on fair values of cash flow hedges	(20)	37
–	(6)	1	Movement on revaluation of available for sale investments	(6)	2
(6)	14	32	Deferred tax on items taken directly to reserves	8	32
(1)	1	(1)	Revaluation of goodwill due to exchange	–	(3)
(20)	11	(8)	Exchange movements on currency net investments	(9)	(38)
(80)	287	(93)	Net income/(expense) recognised directly in equity	207	(120)
82	45	171	Profit after taxation	127	337
2	332	78	Total recognised income for the period	334	217
–	–	–	Adoption of IAS 32 and IAS 39	–	16
2	332	78		334	233
<b>Total recognised income for the period attributable to:</b>					
2	328	77	Equity holders of the parent	330	215
–	4	1	Minority interests	4	2
2	332	78		334	217
<b>Adoption of IAS 32 and IAS 39 attributable to:</b>					
–	–	–	Equity holders of the parent	–	24
–	–	–	Minority interests	–	(8)
–	–	–		–	16

## Reconciliation of movements in equity

	Unaudited 1 July 2006 £m	Unaudited 2 July 2005 £m	Audited 2005 £m
Total equity at beginning of period	3,378	3,058	3,058
Adoption of IAS 32 and IAS 39	–	16	16
Adoption of IFRIC 4	(3)	–	–
<b>Total equity at beginning of period – restated</b>	<b>3,375</b>	<b>3,074</b>	<b>3,074</b>
Total recognised income attributable to equity holders of the parent	330	215	307
Issue of conditional share awards	7	5	12
New shares issued	3	4	6
Dividends paid	(44)	–	(22)
Minority interests	4	2	1
<b>Total equity at end of period</b>	<b>3,675</b>	<b>3,300</b>	<b>3,378</b>

# Consolidated cash flow statement

Unaudited Q2 2006 £m	Unaudited Q1 2006 £m	Unaudited Q2 2005 £m		Note	Unaudited H1 2006 £m	Unaudited H2 2005 £m
			<b>Operating activities</b>			
74	(156)	209	Cash generated from operations	9	(82)	300
(45)	(13)	(28)	Interest paid		(58)	(71)
-	(87)	-	Premium paid on redemption of debenture		(87)	-
(3)	(2)	(1)	Interest element of finance lease rental payments		(5)	(1)
-	1	3	UK corporation tax received		1	4
(22)	(2)	(45)	Taxation paid		(24)	(113)
4	(259)	138	<b>Net cash flow from operating activities</b>		<b>(255)</b>	119
			<b>Investing activities</b>			
(84)	(102)	(87)	Purchase of property, plant and equipment		(186)	(181)
2	15	6	Sale of property, plant and equipment		17	9
(5)	(4)	(8)	Purchase of other intangible assets		(9)	(14)
8	(8)	(11)	Purchase of other fixed asset investments		-	(32)
24	12	-	Sale of other investments		36	-
-	-	1	Loans to joint ventures and associates		-	-
1	-	16	Sale of subsidiary undertakings and businesses		1	19
3	9	6	Interest received		12	12
5	3	5	Dividends from joint ventures and associates		8	7
(4)	(4)	3	(Purchase)/sale of short term investments		(8)	10
(50)	(79)	(69)	<b>Net cash flow from investing activities</b>		<b>(129)</b>	(170)
			<b>Financing activities</b>			
2	1	1	Issue of new shares		3	4
2	7	1	Proceeds from borrowings		9	2
-	(150)	1	Repayment of borrowings		(150)	(8)
(10)	(6)	(1)	Capital element of finance lease rental payments		(16)	(1)
(44)	-	-	Dividends paid		(44)	-
(50)	(148)	2	<b>Net cash flow from financing activities</b>		<b>(198)</b>	(3)
(96)	(486)	71	<b>Net movement in cash and cash equivalents</b>		<b>(582)</b>	(54)
340	825	426	Cash and cash equivalents at beginning of period		825	557
(3)	1	2	Effect of foreign exchange rate changes		(2)	(4)
241	340	499	<b>Cash and cash equivalents at end of period</b>		<b>241</b>	499
			<b>Cash and cash equivalents comprise:</b>			
299	401	640	Cash and short term deposits		299	640
(58)	(61)	(141)	Bank overdrafts		(58)	(141)
241	340	499			241	499

Discontinued operations contributed £(15)m to the net cash flow from operating activities, £(13)m to net cash flow from investing activities and £30m to net cash flow from financing activities, in the first half of 2006.

## Reconciliation of net cash flow to movement in net debt

Unaudited Q2 2006 £m	Unaudited Q1 2006 £m	Unaudited Q2 2005 £m		Unaudited H1 2006 £m	Unaudited H1 2005 £m
(96)	(486)	71	Movement in cash and cash equivalents	(582)	(54)
4	4	(3)	Movement in short term investments	8	(10)
8	149	(1)	Movement in borrowings	157	7
(84)	(333)	67	<b>Change in net debt resulting from cash flows in period</b>	<b>(417)</b>	<b>(57)</b>
7	(15)	21	Exchange rate movements	(8)	43
(3)	(5)	(7)	Other non-cash changes	(8)	(7)
(80)	(353)	81	<b>Movement in net debt during the period</b>	<b>(433)</b>	<b>(21)</b>
(1,319)	(821)	(1,212)	Net debt at beginning of the period	(821)	(842)
-	-	-	Adoption of IAS 32 and IAS 39 on 2 January 2005	-	(268)
-	(145)	-	Adoption of IFRIC 4 on 1 January 2006	(145)	-
(1,399)	(1,319)	(1,131)	<b>Net debt at end of the period</b>	<b>(1,399)</b>	<b>(1,131)</b>

	2006 £m	2005 £m
The adoption of IAS 32, IAS 39 and IFRIC 4 may be further analysed below:		
Reclassification of non-returnable proceeds from the securitisation programme	-	(275)
Reclassification of equity element of convertible debt and accretion of interest thereon	-	15
Reclassification of minority preference shares	-	(8)
Capitalisation of supply agreements under IFRIC 4	(145)	-
	<b>(145)</b>	<b>(268)</b>

## Analysis of net debt

	Unaudited 1 July 2006 £m	Unaudited 2 July 2005 £m	Audited 2005 £m
Cash and short term deposits (excluding bank overdrafts)	299	640	871
Bank overdrafts	(44)	(141)	(46)
Short term investments	8	1	-
Long term borrowings	(1,127)	(1,290)	(1,275)
Other loans	(334)	(310)	(336)
Obligations under finance leases	(165)	(31)	(35)
External debt classified as held for sale	(36)	-	-
	<b>(1,399)</b>	<b>(1,131)</b>	<b>(821)</b>

# Supplementary information

Unaudited Q2 2006 £m	Unaudited Q1 2006 £m	Restated unaudited Q2 2005 £m		Unaudited H1 2006 £m	Restated unaudited H1 2005 £m
<b>1.a Turnover by division</b>					
<b>1,333</b>	1,340	1,384	Strip Products	<b>2,673</b>	2,724
<b>702</b>	648	737	Long Products	<b>1,350</b>	1,444
<b>760</b>	680	857	Distribution & Building Systems	<b>1,440</b>	1,585
<b>28</b>	30	23	Aluminium – continuing operations	<b>58</b>	48
<b>22</b>	25	17	Central & other	<b>47</b>	34
<b>2,845</b>	2,723	3,018	<b>Group turnover: continuing operations</b>	<b>5,568</b>	5,835
<b>(440)</b>	(434)	(531)	Less: intra-group turnover	<b>(874)</b>	(1,003)
<b>2,405</b>	2,289	2,487	<b>Group turnover: continuing operations</b>	<b>4,694</b>	4,832
comprising:					
<b>1,086</b>	1,082	1,108	Strip Products	<b>2,168</b>	2,189
<b>547</b>	510	518	Long Products	<b>1,057</b>	1,043
<b>746</b>	669	833	Distribution & Building Systems	<b>1,415</b>	1,548
<b>24</b>	25	20	Aluminium – continuing operations	<b>49</b>	41
<b>2</b>	3	8	Central & other	<b>5</b>	11
<b>2,405</b>	2,289	2,487	<b>Group turnover: continuing operations</b>	<b>4,694</b>	4,832
<b>303</b>	288	254	<b>Turnover: discontinued operations</b>	<b>591</b>	501
<b>1.b Group turnover by destination</b>					
<b>697</b>	680	732	UK	<b>1,377</b>	1,443
<b>1,277</b>	1,242	1,257	Europe (excluding UK)	<b>2,519</b>	2,532
<b>191</b>	160	186	North America	<b>351</b>	340
<b>240</b>	207	312	Other areas	<b>447</b>	517
<b>2,405</b>	2,289	2,487	<b>Group turnover: continuing operations</b>	<b>4,694</b>	4,832

<b>Unaudited Q2 2006 Kt</b>	Unaudited Q1 2006 Kt	Restated unaudited Q2 2005 Kt		<b>Unaudited H1 2006 Kt</b>	Restated unaudited H1 2005 Kt
<b>2.a Sales volume by division</b>					
<b>2,927</b>	2,969	2,933	Strip Products	<b>5,896</b>	5,726
<b>1,933</b>	1,852	1,886	Long Products	<b>3,785</b>	3,728
<b>1,719</b>	1,462	1,755	Distribution & Building Systems	<b>3,181</b>	3,337
<b>21</b>	22	23	Aluminium – continuing operations	<b>43</b>	50
<b>–</b>	–	–	Central & other	<b>–</b>	–
<b>6,600</b>	6,305	6,597	Gross sales volume	<b>12,905</b>	12,841
<b>(1,128)</b>	(1,148)	(1,476)	Less: intra-group	<b>(2,276)</b>	(2,809)
<b>5,472</b>	5,157	5,121	<b>Group sales volume: continuing operations</b>	<b>10,629</b>	10,032
comprising:					
<b>2,315</b>	2,291	2,275	Strip Products	<b>4,606</b>	4,435
<b>1,461</b>	1,411	1,145	Long Products	<b>2,872</b>	2,333
<b>1,677</b>	1,434	1,677	Distribution & Building systems	<b>3,111</b>	3,216
<b>19</b>	21	24	Aluminium – continuing operations	<b>40</b>	48
<b>–</b>	–	–	Central & other	<b>–</b>	–
<b>5,472</b>	5,157	5,121	<b>Group sales volume: continuing operations</b>	<b>10,629</b>	10,032
<b>136</b>	133	133	<b>Group sales volume: discontinued operations</b>	<b>269</b>	275
<b>2.b Group sales volume by destination</b>					
<b>1,499</b>	1,517	1,421	UK	<b>3,016</b>	2,856
<b>2,851</b>	2,744	2,641	Europe (excluding UK)	<b>5,595</b>	5,230
<b>401</b>	347	397	North America	<b>748</b>	744
<b>721</b>	549	662	Other areas	<b>1,270</b>	1,202
<b>5,472</b>	5,157	5,121	<b>Group sales volume: continuing operations</b>	<b>10,629</b>	10,032

Unaudited Q2 2006 £m	Unaudited Q1 2006 £m	Restated unaudited Q2 2005 £m		Unaudited H1 2006 £m	Restated unaudited H1 2005 £m
<b>3. Total operating costs</b>					
<b>1,192</b>	1,071	1,074	Raw materials & consumables	<b>2,263</b>	2,072
<b>193</b>	188	189	Maintenance costs (excluding own labour)	<b>381</b>	390
<b>388</b>	410	364	Other external charges	<b>798</b>	726
<b>403</b>	305	442	Employment costs	<b>708</b>	865
<b>67</b>	69	72	Depreciation & amortisation (net of grants released)	<b>136</b>	140
<b>112</b>	136	130	Other operating costs	<b>248</b>	279
<b>(70)</b>	(51)	(40)	Changes in inventory	<b>(121)</b>	(104)
<b>(5)</b>	(4)	(7)	Own work capitalised	<b>(9)</b>	(12)
<b>(10)</b>	(11)	(5)	Profit on disposal of property, plant and equipment	<b>(21)</b>	(8)
<b>6</b>	-	1	Loss/(profit) on disposal of group undertakings	<b>6</b>	(1)
<b>2,276</b>	2,113	2,220		<b>4,389</b>	4,347
<b>4. Restructuring, impairment and disposals</b>					
As included in total operating costs:					
<b>2</b>	5	7	Redundancy and related costs	<b>7</b>	17
<b>-</b>	-	2	Impairment losses related to property, plant and equipment	<b>-</b>	2
<b>-</b>	-	1	Other asset write-downs	<b>-</b>	1
<b>(1)</b>	1	4	Other rationalisation costs	<b>-</b>	4
<b>1</b>	6	14		<b>7</b>	24
<b>(10)</b>	(11)	(5)	Profit on disposal of property, plant and equipment	<b>(21)</b>	(8)
<b>6</b>	-	1	Loss/(profit) on disposal of group undertakings	<b>6</b>	(1)
<b>(3)</b>	(5)	10	<b>Net restructuring, impairment and disposals (credit)/charge</b>	<b>(8)</b>	15
comprising:					
<b>6</b>	1	2	Strip Products	<b>7</b>	3
<b>(8)</b>	3	5	Long Products	<b>(5)</b>	14
<b>(1)</b>	(9)	1	Distribution & Building Systems	<b>(10)</b>	2
<b>-</b>	-	-	Aluminium – continuing operations	<b>-</b>	-
<b>-</b>	-	2	Central & other	<b>-</b>	(4)
<b>(3)</b>	(5)	10		<b>(8)</b>	15
<b>5. Group operating result</b>					
<b>After restructuring, impairment and disposals:</b>					
<b>81</b>	105	228	Strip Products	<b>186</b>	407
<b>34</b>	(29)	45	Long Products	<b>5</b>	91
<b>19</b>	12	13	Distribution & Building Systems	<b>31</b>	28
<b>(11)</b>	(1)	15	Aluminium – continuing operations	<b>(12)</b>	14
<b>6</b>	89	(34)	Central & other	<b>95</b>	(55)
<b>129</b>	176	267		<b>305</b>	485
<b>Before restructuring, impairment and disposals:</b>					
<b>87</b>	106	230	Strip Products	<b>193</b>	410
<b>26</b>	(26)	50	Long Products	<b>-</b>	105
<b>18</b>	3	14	Distribution & Building Systems	<b>21</b>	30
<b>(11)</b>	(1)	15	Aluminium – continuing operations	<b>(12)</b>	14
<b>6</b>	89	(32)	Central & other	<b>95</b>	(59)
<b>126</b>	171	277		<b>297</b>	500

Unaudited Q2 2006 £m	Unaudited Q1 2006 £m	Restated unaudited Q2 2005 £m		Unaudited H1 2006 £m	Restated unaudited H1 2005 £m
<b>6. Financing items</b>					
Interest expense:					
(24)	(26)	(27)	Bank and other borrowings	(50)	(56)
-	(87)	-	Premium on redemption of debenture	(87)	-
(2)	(2)	(2)	Accretion of convertible bonds	(4)	(4)
(3)	(2)	(1)	Finance leases	(5)	(1)
(3)	(11)	-	Fair value losses – convertible bond equity options	(14)	-
(32)	(128)	(30)	Finance costs	(160)	(61)
-	5	-	Other investment income	5	-
4	7	6	Interest income	11	11
-	-	-	Fair value gains – convertible bond equity options	-	3
4	12	6	Finance income	16	14
(28)	(116)	(24)		(144)	(47)
<b>7. Taxation</b>					
-	-	-	UK corporation tax	-	-
(13)	1	1	Overseas prior year (credit)/charge	(12)	(7)
25	22	47	Overseas taxes	47	84
12	23	48	Current tax	35	77
-	-	-	UK deferred tax	-	-
21	5	13	Overseas deferred tax	26	22
33	28	61		61	99

Deferred tax assets amounting to £169m have been recognised at 1 July 2006 (2005: £172m). Deferred tax assets have not been recognised in respect of losses with a value of £1,451m (2005: £1,471m) of which £1,035m (2005: £1,063m) are UK losses.

### 8. Profit/(loss) after taxation – discontinued operations

On 24 May 2006, the Group announced that it had signed a share purchase agreement for Aleris International Inc. to acquire Corus' Aluminium rolled products and extrusions businesses. In accordance with IFRS 5, as explained on page 1 of this report, these businesses have been classed as discontinued operations. The results of these operations are as follows:

Unaudited Q2 2006 £m	Unaudited Q1 2006 £m	Restated unaudited Q2 2005 £m		Unaudited H1 2006 £m	Restated unaudited H1 2005 £m
<b>303</b>	288	254	Turnover (external to Corus)	<b>591</b>	501
<b>(293)</b>	(269)	(266)	Operating costs (net of trading within the Group)	<b>(562)</b>	(503)
<b>10</b>	19	(12)	<b>Operating profit/(loss)</b>	<b>29</b>	(2)
<b>-</b>	(2)	(1)	Finance costs	<b>(2)</b>	(2)
<b>10</b>	17	(13)	<b>Profit/(loss) before taxation</b>	<b>27</b>	(4)
<b>(1)</b>	(5)	4	Taxation	<b>(6)</b>	1
<b>9</b>	12	(9)	<b>Profit/(loss) after taxation</b>	<b>21</b>	(3)

### 9. Reconciliation of cash generated from operations

<b>82</b>	45	171	Profit after taxation	<b>127</b>	337
			Adjustments for:		
<b>34</b>	33	57	Tax	<b>67</b>	98
<b>67</b>	79	85	Depreciation & amortisation (net of grants released)	<b>146</b>	162
<b>(4)</b>	(11)	(4)	Profit on disposals	<b>(15)</b>	(9)
<b>(4)</b>	(12)	(6)	Interest income	<b>(16)</b>	(14)
<b>32</b>	130	31	Interest expense	<b>162</b>	63
<b>(5)</b>	(1)	2	Share of results of joint ventures and associates	<b>(6)</b>	(1)
<b>3</b>	4	5	Other non-cash items	<b>7</b>	5
<b>1</b>	6	12	Restructuring costs (excluding impairment losses related to property, plant and equipment)	<b>7</b>	22
<b>(9)</b>	(24)	(12)	Utilisation of rationalisation provisions	<b>(33)</b>	(26)
<b>(97)</b>	(132)	(125)	Movement in inventories	<b>(229)</b>	(280)
<b>(74)</b>	(226)	(19)	Movement in receivables	<b>(300)</b>	(187)
<b>81</b>	74	16	Movement in payables	<b>155</b>	97
<b>(27)</b>	(109)	(3)	Movement in retirement benefit assets and obligations	<b>(136)</b>	(1)
<b>2</b>	(2)	11	Movement in contract advances	<b>-</b>	37
<b>(8)</b>	(10)	(12)	Other movements (net)	<b>(18)</b>	(3)
<b>74</b>	(156)	209	<b>Net cash flow generated from operations</b>	<b>(82)</b>	300

Unaudited  
Q2 2006  
£m

<b>10. Net assets – held for sale</b>		
Goodwill		14
Other intangible assets		5
Property, plant and equipment		312
Deferred tax assets		13
Inventories		254
Trade and other receivables		162
		<b>760</b>
Short term borrowings		(17)
Trade and other payables		(131)
Current tax liabilities		(30)
Retirement benefit obligations – current		(3)
Provisions and other liabilities – current		(5)
Long term borrowings		(19)
Deferred tax liabilities		(33)
Retirement benefit obligations – non-current		(71)
Provisions and other liabilities – non-current		(13)
Deferred income		(1)
		<b>(323)</b>
<b>Net assets</b>		<b>437</b>

Unaudited Q2 2006 £m	Unaudited Q1 2006 £m	Restated unaudited Q2 2005 £m		Unaudited H1 2006 £m	Restated unaudited H1 2005 £m
			<b>11. Capital expenditure</b>		
84	102	87	Purchase of property, plant and equipment	186	181
3	(24)	18	Movement in capital creditors	(21)	(14)
<b>87</b>	<b>78</b>	<b>105</b>		<b>165</b>	<b>167</b>
			<b>12. Reconciliation of Group operating profit to EBITDA before restructuring, impairment and disposals</b>		
129	176	267	Group operating profit	305	485
1	6	14	Restructuring costs	7	24
(4)	(11)	(4)	Profit on disposals	(15)	(9)
<b>126</b>	<b>171</b>	<b>277</b>	<b>Underlying operating profit</b>	<b>297</b>	<b>500</b>
67	69	70	Depreciation & amortisation (net of grants released and excluding impairment losses related to property, plant and equipment and intangible assets)	136	138
<b>193</b>	<b>240</b>	<b>347</b>	<b>EBITDA before restructuring, impairment and disposals: continuing operations</b>	<b>433</b>	<b>638</b>
			comprising:		
135	149	276	Strip Products	284	500
42	(10)	67	Long Products	32	138
23	8	19	Distribution & Building Systems	31	40
(11)	(1)	16	Aluminium – continuing operations	(12)	16
4	94	(31)	Central & other	98	(56)
<b>193</b>	<b>240</b>	<b>347</b>	<b>EBITDA before restructuring, impairment and disposals: continuing operations</b>	<b>433</b>	<b>638</b>
<b>10</b>	<b>29</b>	<b>1</b>	<b>EBITDA before restructuring, impairment and disposals: discontinued operations</b>	<b>39</b>	<b>20</b>

	<b>Unaudited Q2 2006 Number</b>	Unaudited 2005 Number	Unaudited Q2 2005 Number
<b>13. Employees (to the nearest '00)</b>			
Average weekly numbers employed:			
UK	<b>24,000</b>	24,300	24,400
Netherlands	<b>11,400</b>	11,300	11,300
Germany	<b>4,700</b>	5,700	5,700
Other countries	<b>6,900</b>	6,900	6,900
	<b>47,000</b>	48,200	48,300
Numbers employed at end of period:			
UK	<b>23,700</b>	24,000	24,200
Netherlands	<b>11,400</b>	11,400	11,300
Germany	<b>4,100</b>	4,900	5,700
Other countries	<b>6,600</b>	7,000	6,900
	<b>45,800</b>	47,300	48,100
Comprising:			
Strip Products	<b>21,100</b>	22,500	22,400
Long Products	<b>11,800</b>	11,800	12,800
Distribution & Building Systems	<b>5,700</b>	5,700	5,900
Aluminium	<b>5,600</b>	5,700	5,700
Central & other	<b>1,600</b>	1,600	1,300
	<b>45,800</b>	47,300	48,100

**14. Earnings per share**

Earnings per share for continuing and discontinued operations is presented below. Earnings represent profit after taxation after deducting minority interests.

<b>Unaudited Q2 2006 pence</b>	Restated unaudited Q1 2006 pence	Restated unaudited Q2 2005 pence		<b>Unaudited H1 2006 pence</b>	Restated unaudited H1 2005 pence
<b>Earnings per share – continuing operations</b>					
<b>8.28</b>	3.05	20.25	Basic earnings per ordinary share	<b>11.33</b>	38.15
<b>7.40</b>	1.95	18.80	Diluted earnings per ordinary share	<b>9.35</b>	35.30
<b>Earnings per share – discontinued operations</b>					
<b>0.81</b>	1.55	(1.05)	Basic earnings per ordinary share	<b>2.36</b>	(0.35)
<b>0.68</b>	1.45	(0.90)	Diluted earnings per ordinary share	<b>2.13</b>	(0.30)

At Corus' AGM on 9 May 2006, shareholders approved the consolidation of Corus' existing share capital. One new ordinary share of 50 pence has now been issued for every 5 existing ordinary shares of 10 pence. Earnings per share has been restated on this basis. On 19 May 2006, an equivalent final dividend of 5 pence per share was paid at a total cost of £44m. Corus has today announced an interim dividend of 2.75 pence per share.

**15. Statutory Reserve**

The statutory reserve of £2,338m disclosed in the balance sheet as at 2 July 2005 arose in Corus UK Limited under section 7(1) of the British Steel Act 1988. Of the total balance £381m was originally set aside as available for distribution, with the balance of £1,957m, a restricted reserve which could only be applied in paying up unissued shares to be allotted to its parent company as fully paid bonus shares. On 17 June 2005, after issuing these bonus shares, Corus UK Limited made a court application for a capital reduction to effectively cancel the statutory reserve to the extent of any cumulative profit and loss deficit arising in that company. This application was successful and became effective as from 15 July 2005.

# Independent review report to Corus Group plc

## Introduction

We have been instructed by the company to review the financial information for the six months ended 1 July 2006 which comprises a consolidated income statement, a statement of recognised income and expense, consolidated balance sheet information as at July 2006, consolidated cash flow statement and associated notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors.

The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in "Accounting policies" on page 8.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 1 July 2006.

PricewaterhouseCoopers LLP

**Chartered Accountants**

London

30 August 2006

Notes:

- a) The maintenance and integrity of Corus Group Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

## Principal divisional activities

### Strip Products Division

- **Corus Strip Products IJmuiden and Corus Strip Products UK**  
Hot rolled steel strip and cold rolled and metallic coated steel
- **Corus Packaging Plus**  
Light gauge coated steel for packaging and non-packaging applications
- **Corus Tubes**  
Steel tubes, hollow sections, line pipe and pipeline project management
- **Corus Colors**  
Pre-finished steels
- **Corus Special Strip**  
Plated precision strip products with specialist finishes
- **Cogent Power**  
Electrical steels and transformer cores

### Long Products Division

- **Corus Construction & Industrial**  
Plate, sections, wire rod and semi-finished steel
- **Corus Engineering Steels**  
Engineering billet, rolled and bright bar
- **Corus Rail**  
Railway products, design and consultancy, rail infrastructure contracting
- **Downstream Businesses**  
Custom designed hot rolled special steel profiles, hot and cold narrow strip
- **Teesside Cast Products**  
Slab and bloom

### Distribution & Building Systems Division

- **Corus Distribution and Building Systems**  
Service centres, further material processing and building systems
- **Corus International**  
Tailored product and service solutions for international projects and international trade
- **Corus Consulting**  
Consultancy, technology, training and operational assistance to the steel and aluminium industries

### Aluminium Division

- **Corus Primary Aluminium**  
Extrusion billets, slabs and ingots
- **Corus Aluminium Rolled Products \***  
Rolled plate, sheet and coil
- **Corus Aluminium Extrusions \***  
Soft and hard extruded profiles, rods and bars

\* Discontinued operations

### Certain forward-looking statements

The Interim results for the first half of 2006 contains certain forward-looking statements. These statements are subject to risks and uncertainties because they relate to events that may or will occur in the future and could cause actual results to differ materially from those expressed. Many of these risks and uncertainties relate to factors that are beyond Corus' ability to control or estimate precisely, such as future market and economic conditions, the actions of competitors, operational problems and the actions of government regulators. Although Corus believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Corus undertakes no obligation to update or publicly revise forward-looking statements. All written, oral and electronic forward-looking statements attributable to Corus or persons acting on behalf of Corus are expressly qualified in their entirety by this cautionary statement.

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We encourage feedback on this report and on where and how we can make improvements. Please contact us by e-mail at [feedback@corusgroup.com](mailto:feedback@corusgroup.com)