113845

Report and Financial Statements 1996

Contents

OFFICERS AND PROFESSIONAL ADVISERS

Directors

C.A. Cohen, MSc	*Chairman*
M.A. Pylkkanen (Finnish) R.O. Cohen, BA	*Joint Managing Directors*
P.C. Freburg (Australian)	
I.H. Burns, BA, ACA	(resigned 3 March 1997)
J.S. Ferguson	
B.R. Weatherill, QC	*(Non-executive)*

Secretary

P.J. Weatheritt, MA, FCA

Registered office and head office

Clareville House
25/27 Oxendon Street
London
SWIY 4EL
Telephone: 0171 930 6953
Fax: 0171 930 1520

Company registration number

00113845

Bankers

National Westminster Bank PLC
Merita Bank Limited

Solicitors

Hobson Audley Hopkins & Wood

Stockbrokers and financial advisers

Fiske & Co

Registrars and transfer office

The Royal Bank of Scotland plc
Registrars Department
Caxton House
Redcliffe Way
Bristol
BS79 7NH

Auditors

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

CHAIRMAN'S STATEMENT

General Review

Most shareholders will be aware that on 7 March 1997 the company was faced with the unenviable requirement to issue a profit warning. The principal reason for this was a further deterioration in margins on both copper and aluminium products in the second half of 1996 which affected both the UK and Australian operations of the group in the wake of the "Sumitomo" affair in June 1996. Additional contributory factors are explained in detail below, but included accumulated stock losses in Australia and a serious production shortfall of the most important product at our Woolwich foundry as a result of the repeated failure of critical components of newly installed plant.

As reported in the profit warning, various actions were taken which have already proved to be effective but since then two further setbacks have been revealed during the audit process; in summary, a much more serious loss than had previously been anticipated in Nonferral's Perth branch in Western Australia as a result of accounting irregularities, and a series of accounting adjustments at Metal Sales, Zimbabwe. Both are described in more detail under the relevant company headings. The consequence of these setbacks is a more substantial loss than anticipated at the time of the March announcement.

As a result, a pre-tax loss of £2,626,000 was recorded for the year (1995: £2,020,000 profit) and the attributable after-tax loss is £2,318,000 (1995: £1,334,000 profit). Losses per share were 142.5p compared with earnings of 82.5p in 1995.

Although demand for copper alloys remained reasonably good during 1996, the average copper price fell by over 20% during the year, largely as a result of the revelations in June that the price of copper had been sustained at artificially high levels by manipulation of the market. Whilst the group as a whole had a balanced copper position at that time, there was subsequently a serious impact on copper alloy margins and a knock-on effect on other metal prices; in the case of primary aluminium the average price was 15% lower than in 1995 and aluminium alloy margins were severely squeezed in both home and export markets.

Whilst the decline in the group's performance is a matter of great concern to the directors, shareholders will probably have noticed that other companies in our sector have been similarly affected by the decline in metal prices and have reported adverse results for 1996.

As a consequence of lower prices and production having been reduced by 6% in tonnage terms, group turnover fell from £102m in 1995 to £84m in 1996.

UK Operations

Woolwich

Further extensive capital expenditure was incurred at Woolwich during 1996 to comply with the Environmental Protection Act. The major item was a replacement fume scrubber for phosphor copper production. A design fault admitted by the suppliers resulted in a serious loss of production, and the loss of contribution to profit is estimated to be well in excess of £225,000. Reduced margins in the second half further impacted on profitability and only a modest contribution was recorded.

In late 1996, a decision was made to retain consultants to carry out a thorough-going review of manning levels and work practices at Woolwich. The review commenced in January this year and has recently been completed. As a result of our investment programme and negotiated changes in work practices, a 25% reduction in the workforce has been achieved without any reduction in output.

Glasgow

Aluminium alloy margins fell by no less than one third during the year in a fiercely competitive market. A new furnace which became operational in the fourth quarter of 1995 enabled production during 1996 to reach record levels but that was not sufficient to prevent a two-thirds drop in contribution by the Glasgow foundry. Sales were unable to keep pace with the new production levels, and before the year-end production had to be reduced to prevent a large build-up of stock.

CHAIRMAN'S STATEMENT continued

To improve quality further, the laboratory was upgraded with a new optical emission spectrometer, and plant improvements were made to comply with reduced effluent concentration limits.

Depots

There was a sharp reversal in the profitability of our depots as a result of the much more difficult trading climate. The crash in the copper price caused a significant slowdown in activity and consequently Law and Manchester depots returned much reduced profits whilst Newport made a significant loss.

The future of the depots is currently under review which will take account of prospects for future profitability as well as their importance as suppliers to the Woolwich and Glasgow foundries.

Jacob Metals

In common with our other operations, Jacob Metals, our international trading subsidiary, made a good start but suffered from the loss of confidence in its markets post "Sumitomo". Overall it made a small operating loss for the year on a turnover which was down 10%.

The company has continued to consolidate its business connections and has, for example, established its own representation in the former Soviet Union, thereby building foundations for real profitability when markets improve.

Mayer Cohen Industries (MCI)

In March 1996, as advised in last year's report, MCI failed to retain its major contract with BT. A major restructuring exercise was undertaken, which involved very substantial redundancies. Unfortunately, it then proved impossible to generate enough new business for the reduced workforce. It had been believed that sales of the large stocks of telephones held at the time the BT contract was terminated would provide sufficient revenue to maintain profitability until new business had been developed. In the event, this view proved to be over optimistic and by the year end a substantial loss had been incurred, of which the group's 50% share amounted to £250,000.

Since the year end, and as announced in the profit warning issued on 7 March, we have sold our shareholding in MCI for a total consideration of £630,000, of which £100,000 remains conditional on the liquidation of certain debts to MCI. The book value of this investment in the 1996 accounts matches the anticipated proceeds.

The directors of A. Cohen & Co. plc believe that this was an advantageous deal and see the main benefit as allowing the group to concentrate on its core activities. The sale proceeds have been used to provide working capital and to reduce the indebtedness of the group.

Comexim

The difficult trading conditions in the latter part of the year resulted in a small loss for this company which trades in niche markets, but prospects are better for the current year as new markets and sources of supply have been established.

Overseas Operations

Nonferral, Australia

The downward movement of prices, low levels of activity in its main domestic markets and intense price competition in its traditional Asian markets, combined to make 1996 a very difficult year for Nonferral, which recorded its first ever operating loss.

As soon as it became clear that Nonferral's results were appreciably worse than had been anticipated, the Board instituted a review which led to a series of actions being taken in the latter part of the year. These included a major restructuring exercise at Nonferral's Melbourne plant in which twenty-three employees were made redundant. A range of other initiatives was undertaken and this operation has been restored to profitability.

The accumulated stock losses referred to previously arose as a result of under-allowance having been made over a period of time for moisture and other contaminants in the raw material purchased for aluminium production in Melbourne. The extent of the shortfall became apparent only when stocks fell to very

CHAIRMAN'S STATEMENT continued

low levels in the second half of the year and amounted to £230,000. New procedures and controls have been introduced to prevent any recurrence.

The Sydney plant produced a reasonable profit in the prevailing conditions and a new labour agreement has been negotiated which will provide stability over the next two years. This agreement also covers the Melbourne plant.

Silec, the silver recovery operation, had another successful year. Since the year end it has acquired the assets of a major competitor in Melbourne which should boost its performance.

The branches in Brisbane, Adelaide and Darwin all had a difficult year as a result of depressed prices and lower activity. Investment has been made in new plant in Brisbane and Adelaide which is expected to yield results in the current year.

A trading operation was established in New Zealand in the second half of 1996 to market Nonferral's products and to source raw materials for Australia and Asia. Start-up costs were incurred in 1996 but a profit is expected for the current year.

After the profit warning in early March and at a very late stage in the audit process, accounting adjustments came to light at Nonferral's Perth branch in Western Australia which had the effect of reducing by £275,000 the previously reported results of Nonferral for 1996. Senior management changes were made immediately it became apparent they were required and at the time of writing an investigation is being undertaken in conjunction with the auditors.

The Financial Director of Nonferral, Mr R. Turnbull, who joined the company in March this year, has commenced a review of financial management and has issued a comprehensive new set of internal control procedures.

Nonferral is again trading profitably and, despite the setbacks in 1996, I am optimistic about the current year.

Metal Sales, Zimbabwe

It became apparent in mid-1996 that the Managing Director of Metal Sales, who had been appointed in late 1995, was not capable of providing the levels of direction and control required for the company to succeed and a new Managing Director was appointed in his place last September.

This change was too late in the year for the company's fortunes to be reversed in 1996, but management accounts showed nonetheless that a profit had been recorded for the year. At an even later stage in the audit process than was the case with Nonferral, major errors were found in the management information. These errors primarily involved exchange losses and interest payable on offshore loans and, to bring the accounts into line, adjustments of £200,000 attributable to our shareholding of 46.9% had to be made with the result that Metal Sales now shows a small loss for the year.

The need for a Financial Director had already been identified. Mr J. Slater was appointed and joined the company in March this year.

In early 1997 there was a change of shareholders, our previous partners having sold their South African subsidiary which owned their shareholding in Metal Sales. We believe that our new partners will bring additional benefits to the company and we are both agreed that improved internal controls must be a priority.

A decision was made in late 1996 to invest in a plant for the manufacture of lead anodes, and in April this year it was successfully commissioned. It is expected to provide a significant addition to the group's activities and an encouraging start has been made.

Speedmark Industries, South Africa

Although we own only 24.9% of this small company, it made a very useful contribution by increasing its pre-tax earnings by 90% in local currency terms and by 60% when converted to sterling. The plastic injection moulding division invested heavily in new plant during the year.

Financial

Management

Mr A. Dickinson has been appointed to act in place of our departing Group Financial Director and has already made good progress

CHAIRMAN'S STATEMENT continued

in improving our financial reporting and controls.

The appointment of Financial Directors, as previously discussed, in Australia and in Zimbabwe is another element in our strategy of improving financial reporting and internal controls.

Liquidity

The group is conscious of the need to improve liquidity, and is considering the disposal of further surplus assets as one of the ways to achieve this.

Bank Borrowings

In consequence of the decisions made by the directors, it is envisaged that the group will discharge its existing UK Term Loans by the end of 1998 and an agreement has been made with our bankers to that effect. The reduction of debt will clearly reduce our financing costs and thereby improve profitability.

Tax

The tax credit for the year includes £321,000 in respect of Nonferral.

Foreign Exchange

The average exchange rates for the year for the two currencies which have most effect on the group's results – the Australian and Zimbabwe dollars – showed a strengthening in value of 6% and a decline of 16% respectively against sterling since 1995. The rates at 31 December 1996, used for translation of the Balance Sheets, declined by 3% and 28% respectively against those at 31 December 1995. Within the group Balance Sheet these changes resulted in translation losses of £736,000. The group is looking at measures to mitigate its exposure to these key currencies.

Dividend

In view of the losses, the directors do not recommend the payment of a dividend. They are, however, acutely aware that the resumption of dividend payments is a pre-requisite to restoring shareholder value.

New Ventures

Negotiations have been completed with The Federal Metal Co., an American ingot maker, to license the production of "Federalloy" on a worldwide basis with the exception of North America. Federalloy is a lead-free alloy for use when lead-free brass and lead-free bronze castings are required. If practice and legislation proceed as anticipated in view of the perceived harmful effects of lead both leaching into drinking water and escaping into the atmosphere, the potential is considerable, especially if no alternatives to Federalloy come to the market.

Directors

Mr I.H. Burns resigned as a director on 3 March 1997.

Staff

Making almost ten per cent of our employees redundant was the overriding feature of 1996 and, whilst this was unavoidable in order to restore the group's profitability, the directors very much regret that it was necessary.

It was also a very difficult year for the remainder of our staff. The directors greatly appreciate their commitment to the group.

Prospects

The group has returned to profit in the first quarter of 1997. Analysts are reasonably bullish about the medium term prospects for both copper and aluminium. If they prove correct, firmer metal prices and better margins would combine with the benefits of the restructuring which has already occurred in the UK and Australia to ensure the improvement continues during 1997.

C. Anders Cohen

C. Anders Cohen
Chairman
18 June 1997

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of A. Cohen & Co. plc for the year ended 31 December 1996.

Group activities

The company is a holding company and the principal activity of its subsidiary and associated undertakings is the manufacture of non-ferrous metal ingots and the reclamation and trading of recyclable materials.

Review of developments and future prospects

As explained more fully in the Chairman's statement, 1996 was clearly a very difficult year for the group as a result of the impact of lower copper and aluminium prices and a number of operating problems within the main operations of the group. The Board of Directors has been active in determining and implementing strategies to restore profitability and improve liquidity across the group. In summary, the key actions taken have been:

- Cost reduction programmes and new investment in our operations in Australia and at Woolwich.
- The agreement and commencement of surplus asset disposals, mainly in Australia and the UK, that have already realised £530,000 and are expected to realise at least a further £500,000 over the remainder of this year.
- A review of head office costs that should reduce the burden of our overheads on the operating businesses.
- The strengthening of our financial management in all our key business locations.

We have recently renewed our facilities with our bankers, and our management accounts for the first four months of the year show a return to healthy profit in Australia and considerable evidence of improvement in our main UK businesses.

Dividends and transfers from/to reserves

The loss attributable to members of the company amounted to £2,318,000 (1995 – profit of £1,334,000).

The directors do not recommend payment of a final dividend (1995 – 9.0p per share). No interim dividend was paid (1995 – 6.0p). The total dividend for 1995 was 15.0p per share. The amount transferred from reserves was £2,318,000 (1995 – to reserves £1,091,000).

Fixed assets

The changes in fixed assets during the year are summarised in notes 9 and 10 to the accounts.

Subsequent event

Since the year end the company's subsidiary A. Cohen & Co. (Great Britain) Limited has disposed of its investment in Mayer Cohen Industries Limited. Details of the disposal are set out in note 10 to the accounts.

Directors

The directors who served during the year are shown on page 1. Mr I.H. Burns resigned as a director on 3 March 1997.

Mr B.R. Weatherill, aged 46, was appointed as a non-executive director in 1988. He is a practising barrister and was appointed Queen's Counsel during the year.

DIRECTORS' REPORT continued

Mr P.C. Freburg retires by rotation in accordance with article 100 and offers himself for re-election. He has a service contract which expires in December 1998.

The directors have no interests in any contracts with the company other than service contracts.

Details of directors' interests in the share capital of the company are set out in the report of the remuneration committee on pages 11 to 13.

Share capital

At the Annual General Meeting of the company held on 16 July 1996, shareholders authorised market purchases by the company in the share capital of the company. That authority will expire at the completion of the 1997 Annual General Meeting and your directors consider it would be prudent to renew the authority. Special resolution 6 set out in the Notice of Annual General Meeting will therefore be proposed for that purpose and, if passed, would give the directors power to purchase on behalf of the company up to 77,005 ordinary shares of 20p each and up to 85,955 non-voting 'A' ordinary shares of 20p each, these amounts being respectively 10 per cent of the relevant class of share. It is the directors' intention to exercise the authority so that, so far as is practicable, purchases of ordinary shares and non-voting 'A' ordinary shares will be made in equal proportions. The authority will expire on the date of the 1998 Annual General Meeting, or fifteen months after the passing of the resolution, whichever is the earlier. There is no present intention to purchase any shares under the authority.

At the Annual General Meeting of the company held on 16 July 1996, shareholders also authorised the directors to allot unissued shares in accordance with Section 80 of the Companies Act 1985. This authority will expire at the completion of the 1997 Annual General Meeting and, in order to provide the directors with flexibility in future financing of the company, resolution number 7 set out in the Notice of Annual General Meeting will be proposed to renew the authority given to the directors to allot relevant securities up to an aggregate nominal amount of £108,640 (amounting to just under one third of the issued share capital of the company). The authority will expire on the date of the 1998 Annual General Meeting, or fifteen months after the passing of the resolution, whichever is the earlier.

Resolution number 8 set out in the Notice of Annual General Meeting will be proposed to give the directors power, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (a) in connection with a rights issue and (b) in respect of other allotments up to an aggregate nominal value of £16,296 (representing just under 5 per cent of the issued share capital of the company). The authority will expire on the date of the 1998 Annual General Meeting, or fifteen months after the passing of the resolution, whichever is earlier.

Movements in share capital in the year are shown in note 15 to the accounts.

Substantial shareholders

The directors have been notified of, or are aware of, the following interests of non-directors in the ordinary shares of 20p each of the company as at 1 June 1997.

	Number	Per cent
Midland Bank International Finance Corporation Ltd	111,860	14.5
Mrs R.V.M. Cohen	104,555	13.6
Prudential Client (MSS) Nominees Limited	60,100	7.8
AMP Nominees Limited	43,943	5.7
J.N. Cohen	36,587	4.8
Mrs E.M. Cohen	32,041	4.2
R.A. Cohen	29,543	3.8

DIRECTORS' REPORT continued

The directors are not aware of any changes in these interests since that date. Save as disclosed above and in the report of the remuneration committee, the directors are not aware of any shareholding representing 3 per cent or more of the ordinary shares of 20p each in issue.

Directors' and officers' liability

The company has purchased and maintained insurance for directors and officers to cover liabilities in relation to the company.

Employees

It is the policy of the group to communicate with and involve employees on matters affecting their interests at work, and to inform them of the performance of the business. It is also group policy to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position. Opportunities exist for employees who become disabled to continue in their employment or be retrained for another position.

Supplier payment terms

It is the company's normal practice to negotiate terms of transactions, including payment terms, with suppliers. Provided suppliers perform in accordance with agreed terms, it is the company's policy that payment is made accordingly.

Donations

No political donations were made during the year. Charitable donations totalling £497 were made during the year.

Auditors

A resolution for the re-appointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

P J Weatheritt

P.J. Weatheritt
Secretary
18 June 1997

CORPORATE GOVERNANCE

The directors and management are committed to achieving and maintaining high standards of corporate governance and support the principles of openness, integrity and accountability advocated by the Code of Best Practice ("the code") published by the Cadbury Committee on the financial aspects of corporate governance applicable to all listed companies in the UK. Refinements to the code to make it more applicable for smaller companies were recommended by the City Group for Smaller Companies (CISCO) but were not incorporated into the code. A. Cohen & Co. plc complies with the code in most respects, but with the following variations and exceptions:

The board of directors

The Board exercises close management control and it has always been its belief that it should take all significant decisions affecting the operations or financing of the business.

There is no formal procedure for directors, in the furtherance of their duties, to take independent professional advice (if necessary at the group's expense), but any director is free to seek such advice when appropriate.

Board committees

The company established an audit committee during 1995 and a remuneration committee during 1996. As the Board has only one non-executive director, Mr B.R. Weatherill QC, neither committee can be composed entirely of non-executive directors. However, Mr Weatherill chairs both committees. The other members of the committees are Mr R.O. Cohen and Mr C.A. Cohen.

Audit committee

The audit committee is responsible (inter alia) for review of the accounting policies and principles adopted by the group in the preparation of published financial information, for review of internal financial controls, for the review with the auditors of the scope and results of their audit work and for the nomination for appointment of auditors. Meetings of the committee are attended by the external auditors and the finance director, and minutes of the meetings are circulated to all Board members.

Remuneration committee

This committee is responsible for determining the remuneration and benefits of executive directors and of senior executive management. In the absence of a separate nominations committee it is also responsible for nominating candidates to fill board vacancies. A separate report of the remuneration committee is included on pages 11 to 13.

Non-executive directors

Until recently the directors were of the opinion that the size and structure of A. Cohen & Co. plc and of its Board did not justify the appointment of more than one non-executive director. However, in the light of the increased responsibility which results from the existing non-executive director, Mr Weatherill, having to act as Chairman of both the audit and remuneration committees, and in the light of changing circumstances, it has been decided that a second non-executive director should be appointed in the near future.

Meanwhile, the directors are satisfied that Mr Weatherill, by virtue of his disposition and experience as a practising barrister and Queen's Counsel, is well capable of fulfilling an independent rôle as a director. This ensures, particularly in view of the relatively small size of the Board, that an appropriate balance of responsibilities and opinions prevails.

Whilst Mr Weatherill is not appointed for a specific term, his reappointment as a director is subject to shareholder approval at least once every three years due to retirement by rotation as provided in the company's Articles of Association, and he next falls due to retire by rotation in 1998.

CORPORATE GOVERNANCE continued

Internal financial control

The directors acknowledge their responsibility for the group's system of internal financial control and place considerable importance on maintaining a strong control environment. In fulfilling these responsibilities, the Board undertakes through the audit committee ongoing review of the effectiveness of the system of internal financial control on the basis of the criteria set out in the Guidance for Directors' "Internal Financial Control and Financial Reporting", focusing on the consideration of the major business and financial risks.

As might be expected in a group of this size, a key control procedure is the day-to-day supervision of the business by the directors. However, procedures exist for the identification of major business risks faced by the group and the determination of the best course of action to manage those risks, for the setting of detailed annual budgets and monthly reporting of actual results against them, and for appraisal and authorisation of capital expenditure.

As indicated in the Chairman's statement, various losses have been identified in certain of the group's overseas operations, due in part to shortcomings in financial controls. As also indicated in the Chairman's statement, new financial management has been appointed in Australia and Zimbabwe, and financial control procedures have been emphasised and strengthened. The Board are satisfied that appropriate action is being taken, and that appropriate controls are now being implemented and applied satisfactorily. No other weaknesses have resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the Guidance for Directors.

On the basis that a system can provide only reasonable but not absolute assurance against material misstatment or loss and that it relates only to the needs of the business at that time, the system as a whole has been found at the time of approving the financial statements to be generally appropriate to the size of the business.

Going concern

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Statement of responsibility

The code requires a statement of directors' responsibilities in respect of the preparation of accounts which is to be found on page 14.

Approved by the Board of Directors on 18 June 1997

Signed on behalf of the Board of Directors

C. Anders Cohen
Chairman

REPORT OF THE REMUNERATION COMMITTEE

Compliance

As explained in the Corporate Governance statement, the company established a remuneration committee during 1996 to replace the ad hoc committee which had existed for some years to discuss and agree the remuneration of executive directors and senior executives. The constitution and operation of the committee are in compliance with the principles incorporated in the Code of Best Practice issued by the Greenbury Committee and in Section A of the best practice provisions derived from the Code, as amended by the Stock Exchange Listing Rules, except that the committee will be unable to be composed entirely of non-executive directors while the company has only one such director.

Policy on remuneration of executive directors and senior executives

The committee aims to ensure that remuneration packages offered are competitive and appropriate to attract, retain and motivate executive directors and senior executives of the right calibre. However, in recent years, increases and levels of remuneration have been less than might be desirable under such a policy due to the constraints imposed by the profitability of the group.

The main component of the remuneration packages is basic salary, determined taking into account both the performance of the individual and information from various sources on the rates prevailing for similar jobs in comparable companies. There is no formalised basis for annual bonus payments.

Executive directors and senior executives participate in a defined contribution pension scheme which is available to all eligible employees.

The committee believes that share ownership by executive directors and senior executives strengthens the link between their personal interests and those of the shareholders.

It is the policy of the company to offer its directors and senior executives service contracts appropriate to the individual circumstances of employment, but also on a basis which it considers to be in line with current market expectations.

In framing remuneration policy the committee has given full consideration to section B of the Best Practice Provisions annexed to the Listing Rules.

Directors' emoluments

	Basic salary £'000	Fees £'000	Benefits £'000	Annual bonus £'000	Total emoluments excluding pensions **1996 £'000**	Total emoluments excluding pensions 1995 £'000	Pensions **1996 £'000**	Pensions 1995 £'000
Executive								
C.A. Cohen	71	–	5	–	**76**	70	**9**	9
R.O. Cohen	71	–	5	–	**76**	70	**9**	9
M.A. Pylkkanen	–	35	–	–	**35**	35	–	–
I.H. Burns	60	–	–	–	**60**	58	**5**	5
J.S. Ferguson	58	–	6	–	**64**	27	**5**	2
P.C. Freburg	112	1	–	–	**113**	101	–	–
Non–executive								
B.R. Weatherill	–	5	–	–	**5**	5	–	–
	372	41	16	–	**429**	366	**28**	25

The emoluments of Mr P.C. Freburg include his remuneration as managing director of Nonferral Pty Limited, the company's Australian subsidiary.

REPORT OF THE REMUNERATION COMMITTEE continued

Directors' interests

The beneficial interests of the directors and their families in the share capital of the company are shown below:

	Ordinary shares of 20p each		Non–voting 'A' ordinary shares of 20p each	
	31.12.96	1.1.96	31.12.96	1.1.96
C.A. Cohen	60,888	57,918	–	450
M.A. Pylkkanen	5,045	5,045	1,179	1,179
R.O. Cohen	62,336	58,366	–	1,500
P.C. Freburg	1,000	–	–	–
I.H. Burns	500	–	–	–
J.S. Ferguson	1,000	–	–	–
B.R. Weatherill	7,704	5,100	1,000	1,000
	138,473	126,429	2,179	4,129

None of the directors held a beneficial interest in the shares of any of the company's subsidiary undertakings. Save as aforementioned and as set out below, there have been no changes in the directors' beneficial shareholdings up to 18 June 1997.

Options

The company has granted options to the following directors to subscribe for ordinary and non-voting 'A' ordinary shares under the terms of the A. Cohen & Co. plc Group Share Option Scheme which are exercisable between 18 June 1997 and 11 December 1997 as indicated below:

	At 31.12.96		At 1.1.96	
	Number of shares	Exercise price £	Number of shares	Exercise price £
Ordinary shares				
C.A. Cohen	–	–	20,000	5.85
M.A. Pylkkanen	–	–	10,000	5.85
R.O. Cohen	–	–	20,000	5.85
P.C. Freburg	500	5.00	500	5.00
Non–voting 'A' ordinary shares				
C.A. Cohen	–	–	8,000	4.00
M.A. Pylkkanen	–	–	4,000	4.00
R.O. Cohen	–	–	8,000	4.00
J.S. Ferguson	2,500	4.00	2,500	4.00

On 26 January, 1 February and 9 February 1996 Mr C.A. Cohen and Mr R.O. Cohen exercised share options and each acquired 4,500 non–voting 'A' ordinary shares, taken in three tranches of 1,500 shares, at a price of £4.00 per share. Each sold an equal number of shares on the same dates at prices of £5.90, £5.90 and £5.80 respectively.

REPORT OF THE REMUNERATION COMMITTEE continued

On 13 June 1996 Mr C.A. Cohen, Mr R.O. Cohen and Mr M.A. Pylkkanen exercised options in respect of non–voting 'A' ordinary shares and acquired respectively 3,500, 3,500, and 4,000 such shares at a price of £4.00 per share. Each sold an equal number of shares on the same date at £6.20 per share.

On 13 June 1996 Mr R.O. Cohen exercised share options and acquired 6,050 ordinary shares at a price of £5.85 per share.

On 11 December 1996 the remaining unexercised share options held by Mr C.A. Cohen, Mr R.O. Cohen and Mr M.A. Pylkkanen lapsed on the tenth anniversary of the options having been granted.

The market value of the shares at 31 December 1996 was £4.85. The range of market value of shares during the year was £3.70 to £6.65.

On 24 October 1996 the share option scheme lapsed and no more options could be granted under the scheme.

Directors' service contracts

Details regarding service contracts of directors who are proposed for re-election at the forthcoming Annual General Meeting are given in the Directors' Report.

Approved by the Board of Directors on 18 June 1997.

Signed on behalf of the Board of Directors.

Bernard R. Weatherill
Chairman, remuneration committee

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, they are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 17 to 30 which have been prepared under the accounting policies set out on page 22 and the detailed information disclosed in respect of directors' remuneration and shareholdings set out in the report to shareholders on pages 11 to 13.

Respective responsibilities of directors and auditors

As described on page 14, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 1996 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and
Registered Auditors

Hill House
1 Little New Street
London EC4A 3TR

18 June 1997

REVIEW REPORT TO A. COHEN & CO. PLC
by Deloitte & Touche on Corporate Governance Matters

In addition to and separate from our audit of the financial statements, we have reviewed the directors' statements on page 9 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v).

Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the company's system of internal financial control or its corporate governance procedures or on the ability of the company to continue in operational existence.

Opinion

With respect to the directors' statements on internal control and going concern on page 10, in our opinion the directors have provided the disclosure required by the Listing Rules referred to above, and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on page 9 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review by Listing Rule 12.43(j).

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and
Registered Auditors

Hill House
1 Little New Street
London EC4A 3TR

18 June 1997

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1996

	Note	1996	1995
		£'000	£'000
Turnover on continuing operations	2	**84,239**	102,540
Cost of sales		**77,784**	91,602
Gross profit		**6,455**	10,938
Distribution costs		**1,990**	2,325
Administrative expenses		**6,089**	6,102
Other operating income		**(196)**	(86)
		7,883	8,341
Operating (loss)/profit on continuing operations	4	**(1,428)**	2,597
(Loss)/income from interests in associated undertakings		**(174)**	324
		(1,602)	2,921
Interest receivable		**19**	14
Interest payable	5	**(1,043)**	(915)
		(1,024)	(901)
(Loss)/profit on ordinary activities before taxation	2	**(2,626)**	2,020
Tax credit/(charge) on (loss)/profit on ordinary activities	6	**308**	(689)
(Loss)/profit on ordinary activities after taxation		**(2,318)**	1,331
Minority interests		**-**	3
(Loss)/profit for the financial year attributable to shareholders		**(2,318)**	1,334
Dividends	7	**-**	(243)
(Loss)/profit for the financial year transferred (from)/to reserves		**(2,318)**	1,091
(Losses)/earnings per share	8	**(142.5p)**	82.5p

CONSOLIDATED BALANCE SHEET
31 December 1996

	Note	1996	1995
		£'000	£'000
Fixed assets			
Tangible assets	9	**11,399**	10,874
Investments	10	**1,289**	1,716
		12,688	12,590
Current assets			
Stocks	11	**7,671**	10,765
Debtors	12	**13,411**	13,852
Cash at bank and in hand		**164**	180
		21,246	24,797
Creditors: amounts falling due within one year	13	**(18,310)**	(17,397)
Net current assets		**2,936**	7,400
Total assets less current liabilities		**15,624**	19,990
Creditors: amounts falling due after more than one year	14	**(645)**	(1,966)
		14,979	18,024
Capital and reserves			
Called up share capital	15	**326**	323
Capital redemption reserve	16	**49**	49
Share premium account	16	**89**	56
Revaluation reserve	16	**4,033**	4,142
Other reserves	16	**3,771**	3,785
Profit and loss account	16	**6,711**	9,669
Equity shareholders' funds		**14,979**	18,024

These financial statements were approved by the Board of Directors on 18 June 1997.

Signed on behalf of the Board of Directors

C. Anders Cohen

C. Anders Cohen

Chairman

BALANCE SHEET
31 December 1996

	Note	1996	1995
		£'000	£'000
Fixed assets			
Tangible assets	9	-	2
Investments	10	**2,160**	2,160
		2,160	2,162
Current assets			
Debtors	12	**2,019**	4,096
Creditors: amounts falling due within one year	13	**(1,241)**	(1,192)
Net current assets		**778**	2,904
Total assets less current liabilities		**2,938**	5,066
Creditors: amounts falling due after more than one year	14	**(76)**	(862)
		2,862	4,204
Capital and reserves			
Called up share capital	15	**326**	323
Capital redemption reserve	16	**49**	49
Share premium account	16	**89**	56
Other reserves	16	**252**	252
Profit and loss account	16	**2,146**	3,524
Equity shareholders' funds		**2,862**	4,204

These financial statements were approved by the Board of Directors on 18 June 1997.
Signed on behalf of the Board of Directors

C. Anders Cohen
Chairman

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1996

	Note	1996	1995
		£'000	£'000
Net cash inflow from operating activities	19	**5,857**	2,308
Returns on investments and servicing of finance			
Interest received		**19**	14
Interest paid		**(1,043)**	(915)
Dividends paid		**(243)**	(121)
Dividend received from associated undertaking		**52**	61
Net cash outflow from returns on investments and servicing of finance		**(1,215)**	(961)
Taxation			
Corporation tax paid (including advance corporation tax)		**(255)**	(673)
Net cash inflow before investing and financing activities		**4,387**	674
Investing activities			
Payments to acquire tangible fixed assets		**(1,581)**	(1,487)
Receipts from sales of tangible fixed assets		**162**	193
Goodwill arising on acquisition of unincorporated entities	16	**(27)**	(188)
Net cash outflow from investing activities		**(1,446)**	(1,482)
Net cash inflow/(outflow) before financing		**2,941**	(808)
Financing			
Issue of share capital		**36**	-
Loans repaid		**(1,197)**	(27)
New loans acquired		-	3,749
Capital element of finance lease rental payments		**(193)**	(78)
Net cash (outflow)/inflow from financing	20	**(1,354)**	3,644
Increase in cash and cash equivalents	20	**1,587**	2,836

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 1996

	1996	1995
	£'000	£'000
(Loss)/profit attributable to members of the company	**(2,318)**	1,334
Reduction in unrealised surplus on revaluation of fixed assets	-	(701)
Currency translation differences on foreign currency net investments	**(736)**	(576)
Total recognised gains and losses relating to the year	**(3,054)**	57

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31 December 1996

	1996	1995
	£'000	£'000
(Loss)/profit attributable to members of the company	**(2,318)**	1,334
Dividends	-	(243)
	(2,318)	1,091
Other recognised losses relating to the year	**(736)**	(1,277)
Capital reserve arising on acquisition by associated undertaking	**36**	-
Goodwill written off	**(27)**	(188)
Net reduction in shareholders' funds	**(3,045)**	(374)
Opening shareholders' funds	**18,024**	18,398
Closing shareholders' funds	**14,979**	18,024

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 1996

	1996	1995
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	**(2,626)**	2,020
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**35**	36
Historical cost (loss)/profit on ordinary activities before taxation	**(2,591)**	2,056
Historical cost (loss)/profit for the year after taxation, minority interests and dividends	**(2,283)**	1,127

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain land and buildings.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiary undertakings, together with the group's share of the results of associated undertakings, for the financial year ended 31 December 1996.

Acquisitions

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off directly to reserves in the year of acquisition.

Tangible fixed assets

Depreciation is not provided on freehold land.

Depreciation is provided on cost or on revalued amount over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	1% and 2% per annum
Short leasehold property	Over the term of the lease
Plant and machinery	15% per annum on written down value
Fixtures, fittings, tools and equipment	15% per annum on written down value
Motor vehicles	25% and 30% per annum on written down value

Grants of a revenue nature are credited to income in the period to which they relate.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Assets held under finance leases are capitalised at their fair value on the inception of the lease and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign currencies

Company and UK subsidiary undertakings:

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date unless covered by forward exchange contracts when the contracted rates are used. Transactions during the year in foreign currencies are recorded at the rates ruling at the dates of the transactions.

Overseas subsidiary and associated undertakings:

The financial statements of overseas subsidiary and associated undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date and their results are translated at the average rates for the year. The differences arising from the translation of the opening net investments in subsidiaries and associates are taken direct to reserves.

Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

NOTES TO THE ACCOUNTS
continued

2. ANALYSIS OF GROUP TURNOVER, PROFIT BEFORE TAXATION AND NET ASSETS

The group operates predominantly in one sector. The principal activity is the manufacture and sale of non-ferrous metal ingots and the reclamation and trading of recyclable materials.

The geographical analysis of turnover is as follows:

	(Loss)/profit before taxation		Net Assets		Turnover (By Source)		Turnover (By Destination)	
	1996	1995	**1996**	1995	**1996**	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
United Kingdom	**(1,200)**	84	**694**	1,294	**27,953**	34,661	**13,993**	17,297
Rest of Europe	-	-	-	-	-	-	**5,041**	9,049
Asia	-	-	-	-	-	-	**13,977**	16,734
Africa	-	-	-	-	-	-	**255**	363
North America	-	-	-	-	-	-	**404**	205
South America	-	-	-	-	-	-	**336**	706
Middle East	-	-	-	-	-	-	**229**	139
Australia	**(1,252)**	1,612	**12,996**	15,014	**56,286**	67,879	**49,451**	57,846
New Zealand	-	v	-	-	-	-	**553**	201
	(2,452)	1,696	**13,690**	16,308	**84,239**	102,540	**84,239**	102,540
Associated undertakings	**(174)**	324	**1,289**	1,716				
Total	**(2,626)**	2,020	**14,979**	18,024				

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1996	1995
	£'000	£'000
Directors' emoluments		
Fees	**41**	32
Other emoluments (including pension contributions)	**416**	359
	457	391
Remuneration of the chairman (excluding pension contributions)	**76**	70
Remuneration of the joint highest paid UK-based director (excluding pension contributions)	**76**	70
	1996	1995
	No.	No.
Scale of other UK based directors' remuneration (excluding pension contributions)		
£0 - £5,000	**1**	1
£25,001 - £30,000	**-**	1
£30,001 - £35,000	**1**	1
£55,001 - £60,000	**-**	1
£60,001 - £65,000	**2**	-

Further details of directors' remuneration is shown in the report of the remuneration committee on pages 11 to 13.

	No.	No.
Average number of persons employed		
Office and management	**116**	124
Manufacturing	**328**	367
	444	491
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	**8,066**	7,602
Social security costs	**279**	586
Pension costs	**152**	154
	8,497	8,342

NOTES TO THE ACCOUNTS
continued

4. OPERATING (LOSS)/PROFIT

	1996	1995
	£'000	£'000
Operating (loss)/profit is stated after charging/(crediting):		
Depreciation - owned assets	**947**	894
Depreciation - leased assets	**181**	41
Rentals under operating leases:		
Hire of plant and machinery	**48**	69
Land and buildings	**116**	221
Profit on disposal of fixed assets	**-**	(48)
Auditors remuneration:		
Audit fees	**45**	38
Other	**20**	12

5. INTEREST PAYABLE

	1996	1995
	£'000	£'000
Bank loans, overdrafts and other loans repayable within five years	**971**	890
Finance lease interest	**72**	25
	1,043	915

6. TAX (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£'000	£'000
United Kingdom corporation tax at 33% (1995 - 33%) based on the (loss)/profit for the year	**-**	-
Overseas taxation	**(319)**	533
Associated undertakings	**11**	156
	(308)	689

There are losses available to be carried forward to set against future profits of the same trade for United Kingdom tax purposes of £5,511,000. There is ACT written off available for set off against future United Kingdom profits of £1,490,000.

7. DIVIDENDS

	1996	1995
	£'000	£'000
Interim - nil (1995 - 6.0p per ordinary share)	**-**	97
Final proposed - nil (1995 - 9.0p)	**-**	146
	-	243

8. LOSSES/EARNINGS PER SHARE

The calculation of losses/earnings per share is based on losses of £2,318,000 attributable to shareholders (1995 - profit of £1,334,000) and on the weighted average number of shares of 1,626,747(1995 - 1,616,050) in issue during the year. No material dilution of losses/earnings per share would arise if all outstanding share options were exercised.

NOTES TO THE ACCOUNTS
continued

9. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Short leasehold property £'000	Plant and machinery £'000	Fixtures, fittings and motor vehicles £'000	Total £'000
Cost or valuation					
At 1 January 1996	4,699	1,300	9,073	2,481	17,553
Exchange adjustment	(136)	-	(294)	(71)	(501)
Additions	82	2	1,676	347	2,107
Disposals	-	-	(451)	(110)	(561)
At 31 December 1996	4,645	1,302	10,004	2,647	18,598
Accumulated depreciation					
At 1 January 1996	-	-	5,153	1,526	6,679
Exchange adjustment	(1)	-	(162)	(46)	(209)
Charge for the year	25	27	840	236	1,128
Disposals	-	-	(306)	(93)	(399)
At 31 December 1996	24	27	5,525	1,623	7,199
Net book value					
At 31 December 1996	4,621	1,275	4,479	1,024	11,399
At 31 December 1995	4,699	1,300	3,920	955	10,874
Comparable amounts determined according to the historical cost convention:					
Cost	2,495	131	10,004	2,647	15,277
Accumulated depreciation	(102)	(14)	(5,525)	(1,623)	(7,264)
Net book value					
At 31 December 1996	2,393	117	4,479	1,024	8,013
At 31 December 1995	2,430	118	3,920	955	7,423

As at 31 December 1995 certain freehold and leasehold land and buildings were revalued on an existing use basis by chartered surveyors and professional valuers.

Included in the net book value of plant and machinery is £861,000 (1995 - £564,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £181,000 (1995 - £41,000). No depreciation is charged in these accounts in respect of land of £2,464,000 (1995 - £2,522,000)

Company	Motor vehicles £'000
Cost	
At 1 January 1996	13
Disposals	(13)
At 31 December 1996	-
Accumulated depreciation	
At 1 January 1996	11
Disposals	(11)
At 31 December 1996	-
Net book value	
At 31 December 1996	-
At 31 December 1995	2

NOTES TO THE ACCOUNTS
continued

10. INVESTMENTS HELD AS FIXED ASSETS

	Group		Company	
	1996	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000
Subsidiary undertakings				
Shares at cost			**2,131**	**2,131**
Amount written off investment			**(84)**	(84)
			2,047	2,047
Associated undertakings				
Shares at cost	**422**	422	**113**	113
Retained profit	**209**	589	-	-
Revaluation reserve	**647**	691	-	-
Other reserves	**11**	14	-	-
	1,289	1,716	**2,160**	2,160

	Shares at cost	Profit	Revaluation reserve	Other reserves	Total
Group	£'000	£'000	£'000	£'000	£'000
Associated undertakings					
At 1 January 1996	422	589	691	14	1,716
Exchange movement	-	(144)	(41)	(3)	(188)
Retained profit	-	(239)	-	-	(239)
Transfer of amount equivalent to additional depreciation on revalued assets	-	3	(3)	-	-
At 31 December 1996	422	209	647	11	1,289

Due to exchange control restrictions in Zimbabwe, access to distributable profits of Metal Sales Company (PVT) Limited is limited.

Since the year end the group has disposed of its interest in Mayer Cohen Industries Limited for a total consideration of £630,000 of which £530,000 has been received and the remaining £100,000 is conditional on the liquidation of certain debts to Mayer Cohen Industries Limited. Provision has been made in the 1996 accounts to value the group's investment in this company at its recoverable amount.

Additional information in respect of subsidiary and associated undertakings is given in note 23 on page 30.

11. STOCKS

	1996	1995
	£'000	£'000
Raw materials and consumables	**4,142**	6,365
Finished goods and goods for resale	**3,529**	4,400
	7,671	10,765

12. DEBTORS

	Group		Company	
	1996	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000
Trade debtors	**11,579**	12,108	-	-
Amounts owed by group undertakings	-	-	**1,759**	3,917
Amounts owed by associated undertakings	**284**	48	**162**	48
Other debtors	**949**	919	**5**	36
Prepayments and accrued income	**508**	686	**2**	4
ACT recoverable	**91**	91	**91**	91
	13,411	13,852	**2,019**	4,096

Amounts owed by associated undertakings relate primarily to transactions with Mayer Cohen Industries Limited in the normal course of trading. In 1996 the company charged Mayer Cohen Industries Limited a management fee for services of £110,000.

NOTES TO THE ACCOUNTS
continued

13. CREDITORS: amounts falling due within one year

	Group		Company	
	1996	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000
Bank loans wholly repayable within one year	**5,284**	4,883	**732**	197
Bank overdrafts	**2,160**	3,730	**73**	53
Other loans repayable within one year	**25**	48	**25**	38
Obligations under finance leases	**283**	114	-	-
Trade creditors	**5,671**	5,752	-	-
Amounts owed to group undertakings	-	-	**181**	417
Amounts owed to associated undertakings	**142**	344	-	-
Current corporation tax	-	528	-	-
ACT payable	**91**	91	**91**	91
Other taxes and social security	**54**	91	-	-
Other creditors	**3,632**	752	**38**	24
Accruals and deferred income	**968**	821	**101**	129
Proposed dividend	-	243	-	243
	18,310	17,397	**1,241**	1,192

Bank loans and overdrafts repayable within one year amounting to £2,824,000 are secured by way of fixed and floating charges over the assets of the UK group companies.

Amounts owed to associated undertakings relate to amounts due to Metal Sales & Co. (PVT) Limited and have arisen in the normal course of trading. The group made purchases from Metal Sales Co. (PVT) Limited of £698,000 in 1996.

14. CREDITORS: amounts falling due after more than one year

	Group		Company	
	1996	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000
Bank and other loans repayable within one to two years	**25**	388	**25**	168
Bank and other loans repayable within two to five years	**51**	1,139	**51**	694
Obligations under finance leases	**569**	439	-	-
	645	1,966	**76**	862

15. SHARE CAPITAL

	1996		1995	
Authorised	**Number**	**£**	Number	£
Ordinary shares of 20p each	**1,500,000**	**300,000**	1,500,000	300,000
Non-voting 'A' ordinary shares of 20p each	**1,500,000**	**300,000**	1,500,000	300,000
	3,000,000	**600,000**	3,000,000	600,000
Allotted, called up and fully paid				
Ordinary shares of 20p each	**770,052**	**154,010**	776,500	155,300
Non-voting 'A' ordinary shares of 20p each	**859,550**	**171,910**	839,550	167,910
	1,629,602	**325,920**	1,616,050	323,210

During the year 6,050 ordinary shares and 20,000 non-voting 'A' ordinary shares were issued under the share option scheme at a price of £5.85 and £4 per share, respectively. These issues raised £115,393. From the proceeds of these issues the company repurchased 12,498 ordinary shares from its associated company, Mayer Cohen Industries Limited, at a market price of £6.35 the total cost being £79,998 including expenses.

The 'A' ordinary shares rank pari passu in all respects with the ordinary shares save that they do not confer upon the holders any right to receive notice of or to attend or vote at any General Meeting.

Share options: There were outstanding at 31 December 1996 options granted to directors and employees within the group under the A.Cohen & Co. plc Group Share Option Scheme to subscribe for ordinary shares of 20p each to the aggregate nominal value of £300 at a price of £5.00, and for non-voting 'A' ordinary shares of 20p each to the aggregate nominal value of £4,100 at a price of £4.00. The remaining options are exercisable between 18 June 1997 and 11 December 1997.

NOTES TO THE ACCOUNTS
continued

16. RESERVES

Group	Capital redemption reserve £'000	Share premium account £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000
At 1 January 1996	49	56	4,142	3,785	9,669
Adjustment for exchange rates	-	-	(74)	(14)	(648)
Loss for the year	-	-	-	-	(2,318)
Premium on issue of shares net of premium on shares bought back	-	33	-	-	-
Transfer of amount equivalent to additional depreciation on revalued assets	-	-	(35)	-	35
Goodwill written off	-	-	-	-	(27)
At 31 December 1996	49	89	4,033	3,771	6,711

The cumulative amount of goodwill written off against reserves of the group as at 31 December 1996 amounted to £353,000 (1995 - £326,000).

Company	Capital redemption reserve £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000
At 1 January 1996	49	56	252	3,524
Loss for the year	-	-	-	(1,378)
Premium on issue of shares net of premium on shares bought back	-	33	-	-
At 31 December 1996	49	89	252	2,146

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent undertaking, A.Cohen & Co. plc, has not been presented in these accounts. The loss after tax of the parent undertaking for the financial year amounted to £1,378,000 (1995 - profit £558,000) principally due to loan waivers to UK subsidiary companies totalling £1,656,000.

17. FINANCIAL COMMITMENTS

At 31 December 1996, the group had capital commitments in respect of the purchase of machinery and equipment totalling £51,000 (1995 - £251,000).

The group has annual commitments under operating leases for land and buildings which expire within five years of £150,000 and for other assets which expire in two to five years of £74,000.

The maturity of obligations under finance leases is as follows:

	1996	1995
	£'000	£'000
Within one year	**263**	155
Between one and two years	**253**	155
Between two and five years	**485**	347
	1,001	657
Less: future finance charges	**(149)**	(104)
	852	553

18. GUARANTEES

At 31 December 1996 the company had guaranteed the bank borrowings of subsidiary undertakings amounting to £2,020,000 (1995 - £2,801,000).

NOTES TO THE ACCOUNTS
continued

19. CASH FLOW STATEMENT: Reconciliation of operating (loss)/profit before interest and tax to net cash inflow from operating activities.

	1996	1995
	£'000	£'000
Operating (loss)/profit	(1,428)	2,597
Depreciation	1,128	935
Profit on sale of tangible fixed assets	-	(48)
Net movement in working capital		
Stocks	3,032	(734)
Debtors	270	1,028
Creditors	2,855	(1,470)
Net cash inflow from operating activities	5,857	2,308

20. CASH FLOW STATEMENT: Movement in net debt

	Cash and cash equivalents		Loan finance	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
At 1 January	(3,550)	(6,458)	7,011	2,792
Exchange adjustments	(33)	72	90	5
Movement during year	1,587	2,836	-	-
Net cash (outflow)/inflow from loan financing	-	-	(1,390)	3,644
Inception of new finance leases	-	-	526	570
At 31 December	(1,996)	(3,550)	6,237	7,011

21. CASH FLOW STATEMENT: Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1996	1995	Changes in year
	£'000	£'000	£'000
Cash at bank and in hand	164	180	(16)
Bank overdrafts	(2,160)	(3,730)	1,570
	(1,996)	(3,550)	1,554

22. PENSIONS

The group makes contributions to various pension schemes as shown below. The funds of these schemes are administered by trustees and held separately from the group's assets.

	1996	1995
	£'000	£'000
Contribution		
UK - defined contribution scheme	73	63
Overseas schemes	79	91
	152	154

Overseas schemes

The overseas schemes consist of a defined benefit scheme and defined contribution schemes.

The defined benefit scheme is a funded scheme providing benefits based on final pensionable pay. The funding policy is determined in accordance with actuarial recommendations using an aggregate funding method. The last actuarial valuation was at 1 January 1994. The next actuarial valuation will be undertaken as at 1st January 1997 and will be completed later this year.

NOTES TO THE ACCOUNTS
continued

23. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Country of incorporation and operation		*Class of Share held*	*Interest in Equity*
SUBSIDIARY UNDERTAKINGS			
GREAT BRITAIN			
A. COHEN & CO. (GREAT BRITAIN) LTD.	Production of copper and aluminium alloy ingots and processing of metals.	Ordinary	100%
JACOB METALS LTD.	International metal trading.	Ordinary	100%
COMEXIM INTERNATIONAL LTD.	International speciality metal trading.	Ordinary	100%
All the companies incorporated in Great Britain are registered in England and Wales except Comexim International Ltd. which is registered in Scotland.			
AUSTRALASIA			
NONFERRAL PTY. LTD.	Production of aluminium alloy and copper alloy ingots and silver bullion.	Ordinary	100%
Wholly owned subsidiary undertakings of Nonferral Pty. Ltd.			
NONFERRAL (NSW) PTY. LTD.			
NONFERRAL (SA) PTY. LTD.			
NONFERRAL (WA) PTY. LTD.			
NONFERRAL (Qld) PTY. LTD.			
NONFERRAL (NT) PTY. LTD.			
SILEC PTY. LTD.			
NONFERRAL (NZ) PTY. LTD.			
ASSOCIATED UNDERTAKINGS			
GREAT BRITAIN			
MAYER COHEN INDUSTRIES LTD.	Reclamation of plastic and electronic scrap.	Ordinary	50%
Held by subsidiary undertaking		(Disposed of after year end - see note 10)	
ZIMBABWE			
METAL SALES CO. (PVT). LTD.	Production of copper alloy and aluminium alloy ingots and copper wirebars, zinc distillation and distribution of brass and copper semis.	Ordinary	46.9%
SOUTH AFRICA			
SPEEDMARK INDUSTRIES (PROPRIETARY) LTD.	Injection moulding of engineering plastics and production of conveyor rollers for the mining industry.	Ordinary	24.9%

NOTICE OF MEETING

Notice is hereby given that the Eighty-sixth Annual General Meeting of A.Cohen & Co. plc will be held at Clareville House, 25/27 Oxendon Street, London SW1Y 4EL, on 15 July 1997 at noon for the following purposes:

1. To receive and adopt the accounts of the company for the year ended 31 December 1996 and the reports of the directors and auditors thereon.
2. To declare a dividend.
3. To re-elect Mr P.C. Freburg who retires by rotation in accordance with Article 100.
4. To re-appoint the auditors, Deloitte & Touche.
5. To fix the auditors' remuneration.
6. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

'THAT this General Meeting hereby unconditionally and generally authorises the company to make market purchases (as defined in Section 163 of the Companies Act 1985) of ordinary shares of 20p each and non-voting 'A' ordinary shares of 20p each in the capital of the company provided that:

(a) the maximum number of ordinary shares hereby authorised to be acquired is 77,005;

(b) the maximum number of non-voting 'A' ordinary shares hereby authorised to be acquired is 85,955;

(c) the minimum price (exclusive of expenses) which may be paid for such shares is 20p per share

(d) the maximum price (exclusive of expenses) which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount equal to 105 per cent of the average of the upper and lower prices shown in the quotations for (in the case of the purchase of ordinary shares) the ordinary shares and (in the case of the purchase of non-voting 'A' ordinary shares) the non-voting 'A' ordinary shares of the company in the Daily Official List of the London Stock Exchange on the five business days immediately preceding the day on which the share is contracted to be purchased;

(e) the authority hereby conferred shall expire on the date of the next Annual General Meeting of the company or fifteen months after the passing of this resolution (whichever shall be the earlier);

(f) the company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract

7. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

'THAT the board be and it is hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £108,640 to such persons and on such terms as they think fit as if Article 7 of the articles of association of the company did not apply provided that this authority shall expire on the date of the next Annual General Meeting or fifteen months after the passing of this resolution (whichever shall be the earlier) save that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired'.

8. To consider and, if thought, to pass the following resolution which will be proposed as a special resolution:

NOTICE OF MEETING
continued

'THAT subject to the passing of the previous resolution the board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 and Article 7 of the articles of association of the company to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall be limited:

(a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them;

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £16,296

and shall expire on the date of the next Annual General Meeting of the company or fifteen months after the passing of this resolution (whichever shall be the earlier) save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in the pursuance of such offer or agreement as if the power conferred thereby had not expired.

By order of the Board

P.J. Weatheritt, *Secretary*

18 June 1997

Clareville House, 25/27 Oxendon Street, London SWIY 4EL

Note

Only holders of ordinary shares of 20p each are entitled to attend or be represented at the Meeting.

(1) Any member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and on a poll to vote instead of him or her. A proxy need not be a member of the company.

(2) A proxy form is enclosed for use at the Meeting. To be effective, forms of proxy must be deposited not less than 48 hours before the time appointed for the Meeting or (if such Meeting shall be adjourned) any adjournments thereof at the registered office of the company at Clareville House, 25/27 Oxendon Street, London SW1Y 4EL.

(3) Copies of contracts of service of the directors of more than one years duration will be available for inspection at the registered office of the company from the date of this notice until the date of the Meeting.