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IAIN KEATINGS BURNS

A copy of this document, which comprises an exempt listing document relating to Aspen Communications PLC ("the Company") prepared in accordance with the listing rules made under Section 142 of the Financial Services Act 1986, has been delivered to the Registrar of Companies in England and Wales for registration.

The directors of the Company, whose names appear on page 2 of this document ("the Directors"), accept responsibility for the information contained in this document and in the appended documents. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made to the London Stock Exchange Limited ("the London Stock Exchange") for the whole of the issued ordinary share capital of the Company, currently traded on the Unlisted Securities Market, to be admitted to the Official List of the London Stock Exchange ("the Official List"). It is expected that admission to the Official List will become effective and that dealings in the ordinary share capital of the Company will commence on 23 December 1996.

SIGNED BY IAIN KEATINGS BURNS AS ATTORNEY FOR HENRY PAUL JOHN MEAKIN

ASPEN COMMUNICATIONS PLC

(Incorporated and registered in England under the Companies Act 1948 with registered number 663645)

Introduction to the Official List by Phoenix Securities Limited of the whole of the issued ordinary share capital of Aspen Communications PLC

SIGNED BY IAIN KEATINGS BURNS AS ATTORNEY FOR EDWARD ANTHONY ROBERTSON BALDING

SHARE CAPITAL

ordinary shares of 5p each

Authorised		*Issued and fully paid*	
Number	***Amount***	***Number***	***Amount***
20,000,000	£1,000,000	15,475,720	£773,786

SIGNED BY IAIN KEATINGS BURNS AS ATTORNEY FOR MARK ANDREW ROGERS

Phoenix Securities Limited is acting as financial adviser to the Company and to no other person in relation to the arrangements proposed in this document and will not be responsible to any other person for providing the protections afforded to clients of Phoenix Securities Limited or for advising any other person on the transactions and arrangements proposed in this document. This document does not constitute an offer or invitation to any person to subscribe for or to purchase any securities in the Company.

SIGNED BY IAIN KEATINGS BURNS AS ATTORNEY FOR IAN VINALL

SIGNED BY IAIN KEATINGS BURNS AS ATTORNEY FOR PETER JOHN MAURICE THRELFALL

SIGNED BY IAIN KEATINGS BURNS AS ATTORNEY FOR JAMES DOUGLAS SALMON

1. The Directors

The Directors of the Company are:

Henry Paul John Meakin (Executive Chairman)
Iain Keatings Burns (Chief Executive)
Edward Anthony Robertson Balding (Executive Director)
Mark Andrew Rogers (Finance Director)
Ian Vinall (Executive Director)
Peter John Maurice Threlfall (Non-executive Director)
James Douglas Salmon OBE (Non-executive Director)

all of Aspen House, Thomas Street, Cirencester, Gloucestershire GL7 2AX.

2. Financial Statements

Following the appointment of the Company's new Chief Executive, Iain Burns, in May this year, the Directors decided to change the Company's auditors. Coopers & Lybrand were duly appointed in place of KPMG Audit Plc and, based on the initial stages of the 1996 audit, have drawn the attention of the Directors to certain matters. These concern the accounting treatment of (i) a transaction ("the Lease") entered into in September 1989 between the Company and Hambros Leasing Limited under which the Company sold and leased back from Hambros Leasing Limited the Company's interest in its London office in Cosway Street London NW1 ("the Property") and (ii) certain bonuses and other items.

These matters, including their impact on the Company's financial statements for the year ending 31 December 1996, are more fully described in the circular to the Company's shareholders dated 20 December 1996, a copy of which is appended to this document. The following tables (which are reproduced from the circular) detail the principal features in the consolidated financial statements of the Company and its subsidiary undertakings ("the Group") for the three years ended 31 December 1995 as previously reported and the restated figures reflecting the appropriate accounting treatment.

2.1 *Summary of financial impact of adjustments*

Consolidated profit and loss account	1993 £'000 As reported	1993 £'000 Adjusted	1994 £'000 As reported	1994 £'000 Adjusted	1995 £'000 As reported	1995 £'000 Adjusted
Operating profit before exceptional items	1,630	2,046	2,691	2,970	4,180	4,356
Exceptional items	(1,123)	(1,123)	165	165	34	34
Operating profit after exceptional items	507	923	2,856	3,135	4,214	4,390
Net interest payable	(350)	(1,012)	(354)	(1,056)	(475)	(1,208)
Profit /(loss) on ordinary activities before taxation	157	(89)	2,502	2,079	3,739	3,182
Taxation	(511)	(430)	(878)	(738)	(1,312)	(1,128)
Profit/(loss) on ordinary activities after taxation	(354)	(519)	1,624	1,341	2,427	2,054
Minority interests	(2)	(2)	(53)	(53)	55	55
Profit/(loss) for the financial year	(356)	(521)	1,571	1,288	2,482	2,109
Dividends	(666)	(666)	(748)	(748)	(918)	(918)
Profit/(loss) retained for the year	(1,022)	(1,187)	823	540	1,564	1,191
(Loss)/earnings per share (pence)	(2.6)p	(3.8)p	11.5p	9.5p	17.5p	14.9p

Consolidated net assets	1993 £'000 As reported	1993 £'000 Adjusted	1994 £'000 As reported	1994 £'000 Adjusted	1995 £'000 As reported	1995 £'000 Adjusted
Fixed assets	10,373	11,609	11,983	13,176	17,166	18,316
Current assets	23,670	23,610	27,725	27,644	33,025	32,944
Current liabilities	(19,958)	(20,024)	(25,128)	(25,321)	(32,129)	(32,642)
Net current liabilities	3,712	3,586	2,597	2,323	896	302
Creditors falling due after more than one year	(1,859)	(7,248)	(1,038)	(6,659)	(3,372)	(9,187)
Provisions for liabilities and charges, deferred income and minorities	(976)	(647)	(961)	(492)	(1,009)	(356)
Net assets	11,250	7,300	12,581	8,348	13,681	9,075

Cash flow statement	1993 £'000 As reported	1993 £'000 Adjusted	1994 £'000 As reported	1994 £'000 Adjusted	1995 £'000 As reported	1995 £'000 Adjusted
Net cash inflow from operating activities	3,157	3,555	6,814	7,263	5,313	5,852
Returns on investments and servicing of finance	(1,053)	(1,451)	(1,100)	(1,549)	(1,349)	(1,888)
Taxation paid	(1,155)	(1,155)	(289)	(289)	(962)	(962)
Investing activities	(1,579)	(1,579)	(3,335)	(3,335)	(7,068)	(7,068)
Net cash inflow/(outflow) before financing activities	(630)	(630)	2,090	2,090	(4,066)	(4,066)
Financing	1,306	1,306	(1,618)	(1,618)	3,444	3,444
Increase/(decrease) in cash and cash equivalents	676	676	472	472	(622)	(622)

2.2 *London office lease*

The Lease has been accounted for by the Company as an operating lease up to and including the Company's interim statement published on 23 September 1996. In the light of advice received from Coopers & Lybrand, the Directors have concluded that the Lease should be accounted for in the Company's financial statements as a finance lease, not an operating lease.

The impact of treating the Lease as a finance lease is that the depreciated fair value of the asset, after provision for permanent diminution in value, should be shown as a fixed asset and the present value of the minimum lease payments, net of capital repayments, should be shown as a liability. The profit and loss account should contain a charge for depreciation of the asset, charged in arriving at operating profit, and a finance cost attributable to the finance lease included in net interest.

For the purposes of determining the restated balances the Directors consider that the depreciated fair value of the Property, including the fixtures and fittings already shown in fixed assets and after provision for permanent diminution in value at 31 December 1992, is £2.1 million. The net addition to fixed assets at that date is £1.2 million.

The adjustments required are set out below.

Consolidated profit and loss account	1993 £'000	1994 £'000	1995 £'000
Reported operating profit before exceptional items			
Operating lease rentals	398	449	539
Depreciation	(43)	(43)	(43)
Net adjustment to operating profit before exceptional items	355	406	496
Net interest - finance lease interest	(662)	(702)	(733)
Taxation impact in year	101	98	78

Consolidated net assets	1993 £'000	1994 £'000	1995 £'000
Fixed assets - property	1,236	1,193	1,150
Prepayments	(60)	(81)	(81)
Creditors falling due after more than one year - finance lease	(5,389)	(5,621)	(5,815)
Provisions for liabilities and charges - deferred taxation	307	405	483

Cash flow statement	1993 £'000	1994 £'000	1995 £'000
Net cash inflow from operating activities - operating lease payment	398	449	539
Returns on investments and servicing of finance - interest on finance leases	(398)	(449)	(539)
Net increase/(decrease) in cash and cash equivalents	NIL	NIL	NIL

2.3 *Bonus accruals*

Performance related bonuses in respect of a financial year are paid in the following year. The Group has previously accounted for certain bonuses on a cash basis. The correct treatment is to account for bonuses on an accruals basis and to charge the profit and loss account in the year they are earned.

The adjustments required are set out below.

Consolidated profit and loss account	1993 £'000	1994 £'000	1995 £'000
Operating profit before exceptional items - bonuses	61	(127)	(320)
Taxation impact in year	(20)	42	106

Consolidated net assets	1993 £'000	1994 £'000	1995 £'000
Current liabilities - other creditors	(66)	(193)	(513)
Provisions for liabilities and charges - deferred taxation	22	64	170

2.4 *Company balance sheet*

The Company balance sheet adjustments are similar to those for the consolidated balance sheet in respect of the Lease and are not material in respect of the bonuses.

3. **Indebtedness**

3.1 At the close of business on 6 December 1996, the Group had the following borrowings:

	£'000
Secured bank loans	3,000
Secured bank overdrafts	2,010
Obligations under finance leases and hire purchase contracts	9,588
	14,598

3.2 On the same date the Group had the following contingent liabilities:

(a) Additional consideration may be due to the vendor of Aspen Veenhuizen Direct BV, a company acquired in 1992. The vendor, who left the company at the beginning of 1993, is claiming payment of the maximum sum of £380,000 plus additional damages of £1,170,000. The Directors do not believe that the maximum sum is payable or that damages are due and intend to defend the claim vigorously.

(b) Additional consideration may also be due to the vendors of the minority shareholding in Spafax Airline Network Limited which was acquired during 1995. The maximum additional consideration which may become payable is £1,550,000 based on profits earned by the company in the year ended 31 December 1995 and the year ending 31 December 1996 and assuming that an option is exercised by the vendors to extend the earn-out period to include the year ending 31 December 1997.

3.3 Save as disclosed herein and apart from intra-Group indebtedness, neither the Company nor any of its subsidiary undertakings had outstanding at the close of business on 6 December 1996 any borrowings or indebtedness in the nature of borrowings, including loan capital outstanding or created but unissued, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, obligations under finance leases, hire purchase commitments or guarantees or other material contingent liabilities.

3.4 On the same date the Group had cash and bank balances of £3,280,000, including £1,943,000 relating to an insurance broking account maintained by a subsidiary undertaking.

3.5 Amounts in other currencies have been translated into Sterling at the appropriate rate of exchange ruling at the close of business on 6 December 1996.

4. **Working capital**

The Directors are of the opinion that, taking into account bank and other facilities, the Group has sufficient working capital for its present requirements.

5. **Significant changes**

Save for the disposal of the consumer magazines of Aspen Litharne Publishing Limited announced on 6 November 1996, the matters referred to in the interim statement of the Group published on 23 September 1996 and those described in this document and in the circular to the Company's shareholders dated 20

December 1996 which is appended to this document, there has been no significant change in the financial or trading position of the Group since 30 June 1996, the end of the period for which the interim statement was published.

6. Summary of rights attaching to shares

The Articles of Association of the Company ("the Articles") contain provisions to the following effect:

6.1 Share capital

6.1.1 The authorised share capital of the Company is £1,000,000 divided into 20,000,000 ordinary shares of 5p each. As at the date hereof, the issued share capital of the Company is £773,786 comprising 15,475,720 ordinary shares of 5p each.

6.1.2 The Company may from time to time by ordinary resolution:

6.1.2.1 consolidate and divide all or any of its share capital into shares of larger or smaller amount that its existing shares; or

6.1.2.2 subject to law, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that as between the shares resulting from the sub-division any of them may have any preference or advantage as regards dividend, capital, voting or otherwise over, or may be given such deferred rights or be subject to such restrictions when compared with, the others or any other of such shares; or

6.1.2.3 cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

6.1.3 Subject to law, the Company may from time to time by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account in any way.

6.2 Share Rights

Although the Company has power to allot shares in the capital of the Company with such preferred, deferred, qualified or other special rights, and subject to such conditions or restrictions, as to dividend, capital, voting or otherwise as the Articles authorise, at present the Company has only one class of shares, namely ordinary shares of 5p each. Such ordinary shares each give the right to receive notice of and attend general meetings of the Company, to receive dividends and to receive a share of any surplus assets on a distribution on the winding-up of the Company. Subject to any special terms as to voting upon which any shares may for the time being be held and subject to disenfranchisement in the event of non-compliance with a notice under Section 212 of the Companies Act 1985, upon a show of hands every member present in person or by proxy shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him. However, subject to the provisions of the Articles, no member shall be entitled to vote on any question either personally or by proxy unless he has paid everything for the time being due from him and payable to the Company in respect of his shares.

6.3 Distribution of assets on winding-up

If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by law, divide among the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such values as he deems fair upon any property to be divided as aforesaid and may (subject to any special rights attached to any shares or the terms of issue thereof) determine how such division shall be carried out as between the members or different classes of members. He may with like sanction vest the whole or any part of the assets of the Company upon such trusts for the benefit of the members as the liquidator shall think fit and if thought expedient any such division may be otherwise than in accordance with the legal rights of the members and in particular any class may be given preferential or special rights or may be excluded altogether or in part, but in case any division, otherwise than in accordance with the legal rights of the members, shall be determined on, any contributory who would be prejudiced thereby shall have a right to dissent and ancillary rights, as if such determination were by special resolution passed pursuant to Section 110 of the Insolvency Act 1986, and in any event no member shall be compelled to accept any shares in respect of which there is a liability.

6.4 Variation of class rights

Subject to law, all or any of the special rights, privileges or conditions attached to any class of shares forming part of the capital of the Company may from time to time be varied, modified or abrogated in any manner with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. The relevant provisions of the Articles shall apply to the variation, modification or abrogation of the special rights, privileges or conditions attached to some only of the shares of any class as if the shares concerned and the remaining shares of such class formed separate classes and to any scheme for the distribution (though not in accordance with legal rights) of assets in money or in kind in or before liquidation, or to any contract for the sale or disposal of the whole or any part of the Company's property or business determining the way in which as between the several classes of shareholders the purchase consideration shall be distributed, and generally to any alteration, contract, compromise or arrangement which the persons voting thereon could, if sui juris and holding all the shares of the class, consent to or enter into, and such resolution shall be binding upon all holders of shares of the class.

6.5 Dividends

6.5.1 Subject to the rights or privileges for the time being attached to any shares in the capital of the Company, the profits of the Company which it shall from time to time be determined to distribute by way of dividend are to be paid in proportion to the amounts paid up on shares otherwise than in advance of calls. Dividends are to be apportioned and paid pro rata (as nearly as may be) according to the amounts paid up on shares during any portion or portions of the period in respect of which the dividend is paid, except that if any share is issued on terms providing that it shall rank for dividend as if paid up (in whole or in part) as from a particular date (either past or future) such share shall rank for dividend accordingly. Dividends may be declared and paid in Sterling or in any other currency.

6.5.2 The Company in general meeting may declare dividends no larger than those recommended by the Directors. No dividend shall be paid otherwise than out of profits available for the purpose in accordance with company law, or otherwise other than in accordance with company law.

6.5.3 The Directors may, subject to the provisions of the Articles and the law, pay interim dividends.

6.5.4 On the recommendation of the Directors, the Company may in general meeting direct payment of a dividend wholly or in part by the distribution of specific assets, including paid up shares, debentures or debenture stock of any other company. Where any difficulty arises in regard to the distribution the Directors may settle the same as they think expedient.

6.5.5 Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend or (if later) the date on which such dividend became payable shall be forfeited and shall revert to the Company. All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. No such unclaimed dividend or other monies shall bear interest as against the Company.

6.5.6 The Directors may, with the sanction of an ordinary resolution of the Company, offer the holders of ordinary shares in the Company the right to elect to receive additional ordinary shares in the Company, credited as fully paid, instead of cash in respect of all or part of any dividend payable in respect of all or part of their holding of such ordinary shares and (subject as provided in the Articles) upon such terms and conditions and in such manner as may be specified in such ordinary resolution and otherwise as the Directors may determine. Any such resolution may specify a particular dividend and/or all or any dividends (or any part of such dividends) declared or paid within a specified period, but no such period may end later than the beginning of the Annual General Meeting next following the date on which such ordinary resolution is passed.

A holder of ordinary shares who elects to receive additional ordinary shares in the Company pursuant to these provisions of the Articles shall be entitled to receive such whole number of additional ordinary shares as is as nearly as possible equal in value (calculated by reference to the average of the middle market quotations for an ordinary share in the Company on the London Stock Exchange, as derived from the Daily Official List, on the five consecutive dealing days beginning on the day when the issued ordinary shares in the Company are first quoted "ex" the relevant dividend) to (but not in excess of) the cash amount (disregarding any tax credit) that such holder would otherwise have received by way of dividend.

Following an election by holders of ordinary shares in accordance with these provisions of the Articles, in lieu of the relevant dividend (or the relevant part thereof) the Directors shall capitalise out of any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or out of any sum standing to the credit of the Company's share premium account or capital reserves as the Directors may determine a sum equal to the aggregate nominal value of the number of additional ordinary shares required to be allotted to the holders of ordinary shares who have made such election and shall apply such sum in paying up in full the appropriate number of additional ordinary shares and shall allot and distribute such ordinary shares amongst the holders concerned (subject to any right of the Directors under the Articles to retain any dividend or other monies payable on or in respect of the shares of a particular member).

6.5.7 The Articles empower the Directors to withhold the payment of dividends to a member in the event of non-compliance with a notice under Section 212 of the Companies Act 1985 provided that the shares specified in such notice represent at least 0.25 per cent of the shares of the class to which such shares belong in issue on the date of such notice.

6.6 Transferability of shares

Subject to the restrictions contained in the Articles, any member may transfer all or any of his shares by a transfer in any usual or common form or any other form approved by the Directors, but shall be deemed to remain the holder of the shares transferred until the name of the transferee is entered into the register in respect thereof. The Directors may in their absolute discretion and without assigning any reason therefor, refuse to register a transfer to a person of whom they do not approve of a share which is not fully paid, a transfer in favour of more than four persons jointly or a transfer of a share which is not fully paid on which the Company has a lien. Not more than one class of shares may be transferred by one instrument of transfer and it must be lodged at the offices of the registrars of the Company accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to prove the title of the transferor. Subject to Section 358 of the Companies Act 1985, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided that the register shall not be closed for more than thirty days in any year.

The Articles empower the Directors to refuse to register a transfer which does not appear to them to be a transfer pursuant to an arm's length sale (as defined in the Articles) and which relates to shares held by a member who has failed to comply with a notice under Section 212 of the Companies Act 1985 provided that the shares specified in such notice represent at least 0.25 per cent of the shares of the class to which such shares belong in issue on the date of such notice.

7. Other matters

7.1 On 13 December 1996, H.P.J. Meakin, the Executive Chairman, transferred by way of gift a total of 150,000 ordinary shares of 5p each in the Company to a trust in favour of two of his children K.L. Meakin and O.J. Meakin, both of whom are over 18 years of age. This was to take advantage of certain tax benefits which apply to shares which are traded on the Unlisted Securities Market.

7.2 In connection with the provision by Quaestus Management Corporation ("Quaestus") of certain management consultancy services to the Company, on 18 December 1996 the Company granted Quaestus an option, exercisable at any time within five years, to subscribe for 75,000 ordinary shares of 5p each in the Company at an exercise price of 152p per share.

8. Documents for inspection

Copies of the following documents will be available for inspection at the registered office of the Company at Aspen House, Thomas Street, Cirencester, Gloucestershire, GL7 2AX and at the offices of Phoenix Securities Limited, 1 Laurence Pountney Hill, London EC4R 0EU during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document up to and including 6 January 1996:

8.1 the Memorandum and Articles of Association of the Company;

8.2 the consolidated audited statutory accounts of the Company for the two financial periods ended 31 December 1995; and

8.3 a copy of this document.

9. Appendices

Copies of the following documents are attached as appendices to this document:

9.1 the circular to the Company's shareholders dated 20 December 1996;

9.2 the Company's interim statement of results to 30 June 1996;

9.3 the circular to the Company's shareholders dated 29 April 1996; and

9.4 the latest three years' published consolidated annual accounts of the Company.

20 December 1996

If you have sold or transferred all of your ordinary shares in Aspen Communications PLC, please send this document to the purchaser or the transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Aspen Communications PLC

(Incorporated in England and Wales with Registered No. 663645)

Directors

H.P.J. Meakin – Executive Chairman
I.K. Burns – Chief Executive
M.A. Rogers – Finance Director
E.A.R. Balding
I. Vinall
P.J.M. Threlfall (non Executive)
J.D. Salmon OBE (non Executive)

Registered Office

Aspen House,
Thomas Street,
Cirencester,
Gloucestershire,
GL7 2AX

Dear Shareholder,

20 December, 1996

Introduction

On Wednesday 18 December 1996, your Board announced that application has been made for the whole of the Company's issued ordinary share capital to be admitted to the Official List of the London Stock Exchange. Dealings in the Company's shares are expected to commence on the Official List on Monday, 23 December 1996. The Company's shares are currently traded on the Unlisted Securities Market, which will close on 31 December 1996.

At the same time your Board announced that, following the appointment of new auditors, it had been advised to apply a different accounting treatment to certain items in the Company's audited accounts. I am now writing to explain to you the background to this and its effect on the Company's financial statements for the three years ended 31 December 1995 and for the year ending 31 December 1996.

Change of auditors

Following the appointment of our new Chief Executive, Iain Burns, in May this year, the Board decided to change the Company's auditors. Coopers & Lybrand were duly appointed in place of KPMG Audit Plc and, based on the initial stages of the 1996 audit, have drawn the attention of the Board to the matters set out in the following paragraphs.

London office lease

In September 1989, the Company entered into a sale and leaseback transaction with Hambros Leasing Limited ("Hambros"), under which the Company sold its interest in its London office in Cosway Street, London NW1 (the "Property") to Hambros for £4.5 million and simultaneously entered into a 30 year lease agreement with Hambros (the "Lease"). The Lease has been accounted for by the Company as an operating lease up to and including the Company's half-year interim statement published on 23 September 1996.

In the light of advice received from Coopers & Lybrand, your Board has concluded that the Lease should be accounted for in the Company's financial statements as a finance lease, not an operating lease. This requires the Property, the liabilities under the Lease and the related tax effects to be included in the Group's consolidated balance sheet. This will be treated as a prior year adjustment in the 1996 financial statements.

As a result, in the consolidated balance sheet as at 31 December 1995, the Property is now included at its estimated value of £2 million, £0.9 million of leasehold improvements already capitalised has been written off and a finance lease creditor of £5.8 million has been set up. This leads to a reduction in net assets of £4.3 million after adjustment for deferred tax. Profit before taxation for the year ended 31 December 1995 is reduced by £237,000. The impact on the profit for 1996 will be similar.

The effects of these adjustments on the last three years' financial statements are set out in the Appendix to this letter.

Under the terms of the Lease, on the occurrence of certain events, the Company can become obliged to repurchase the Property from Hambros. The Board understands that Hambros may now consider that such an event has occurred. The legal position is unclear. To avoid prolonged dispute and also recognising that alternative and cheaper financing facilities are now in place, a settlement has been agreed in principle with Hambros which (including costs) is in line with the liability in the balance sheet of £5.8 million. The Board will thus terminate the Lease and ownership of the Property will revert to the Company. This will release the Company from certain covenants and will have an ongoing beneficial effect on profit before tax of the order of £0.25 million per annum due to reduced financing costs.

Other items

Certain bonuses which were accounted for on a cash basis in the Company's audited financial statements for the three years ended 31 December 1995 should have been accounted for on an accruals basis. The effect of this is set out in the Appendix to this letter.

In addition, a review of the Group's consolidated balance sheet has identified a number of items for which the Board now believes a more conservative accounting treatment is appropriate. The net effect of these items will be to reduce the Group's consolidated profit before tax for the financial year ending 31 December 1996 by approximately £0.5 million.

In the Appendix to this letter you will find a table which sets out the principal figures in the Company's audited consolidated financial statements for the three years ended 31 December 1995 as previously reported together with restated figures reflecting the relevant matters referred to above. The restated consolidated profit before taxation for the year ended 31 December 1995 is £3.18 million, a reduction of £0.56 million from that reported, and the restated consolidated net assets as at 31 December 1995 are £9.08 million, a reduction of £4.61 million. The restated earnings per share for the year ended 31 December 1995 is 14.9p, a reduction of 2.6p.

New bank facilities

The matters referred to above have been discussed with the Company's principal bankers, who have each waived any technical breach of their current facilities which may result. In addition they have each confirmed new committed, longer term and increased facilities to support the future development of the Group.

Costs

The Company has incurred substantial professional fees in connection with the admission of its shares to the Official List of the London Stock Exchange and arising from the matters referred to in this document. These costs are expected to amount to approximately £300,000 and will impact on the Group's consolidated profit and loss account for the year ending 31 December 1996.

Significant change

Save for the disposal of the consumer magazines of Aspen Litharne Publishing Limited announced on 6 November 1996, the matters referred to in the interim statement of the Group published on 23 September 1996 and those described in this document, there has been no significant change in the financial or trading position of the Group since 30 June 1996, the end of the period for which the interim statement was published.

Exempt Listing Document

In connection with the admission of the Company's ordinary share capital to the Official List of the London Stock Exchange, in accordance with Stock Exchange requirements the Company expects to publish an Exempt Listing Document on 23 December 1996. Copies of the Exempt Listing Document will be available from the Company Announcements Office of the London Stock Exchange, Capel Court entrance, off Bartholomew Lane, London EC2 (for collection only) from 23 December 1996 up to and including 27 December 1996 (public holidays excepted) and from Phoenix Securities Limited, 1 Laurence Pountney Hill, London EC4R 0EU and from the Company's registered office at the address set out above from 23 December 1996 up to and including 6 January 1997 (Saturdays and public holidays excepted).

Yours faithfully

Henry Meakin,

Chairman

APPENDIX

PRIOR YEAR ADJUSTMENTS

The tables set out below detail the principal figures in the consolidated financial statements of the Group as previously reported and the restated figures reflecting the appropriate accounting treatment for the matters referred to in the Chairman's letter.

1. Summary of financial impact of adjustments

Consolidated profit and loss account	1993 £'000 As reported	1993 £'000 Adjusted	1994 £'000 As reported	1994 £'000 Adjusted	1995 £'000 As reported	1995 £'000 Adjusted
Operating profit before exceptional items	1,630	2,046	2,691	2,970	4,180	4,356
Exceptional items	(1,123)	(1,123)	165	165	34	34
Operating profit after exceptional items	507	923	2,856	3,135	4,214	4,390
Net interest payable	(350)	(1,012)	(354)	(1,056)	(475)	(1,208)
Profit/(loss) on ordinary activities before taxation	157	(89)	2,502	2,079	3,739	3,182
Taxation	(511)	(430)	(878)	(738)	(1,312)	(1,128)
Profit/(loss) on ordinary activities after taxation	(354)	(519)	1,624	1,341	2,427	2,054
Minority interests	(2)	(2)	(53)	(53)	55	55
Profit/(loss) for the financial year	(356)	(521)	1,571	1,288	2,482	2,109
Dividends	(666)	(666)	(748)	(748)	(918)	(918)
Profit/(loss) retained for the year	(1,022)	(1,187)	823	540	1,564	1,191
(Loss)/earnings per share (pence)	(2.6)p	(3.8)p	11.5p	9.5p	17.5p	14.9p

Consolidated net assets	1993 £'000 As reported	1993 £'000 Adjusted	1994 £'000 As reported	1994 £'000 Adjusted	1995 £'000 As reported	1995 £'000 Adjusted
Fixed assets	10,373	11,609	11,983	13,176	17,166	18,316
Current assets	23,670	23,610	27,725	27,644	33,025	32,944
Current liabilities	(19,958)	(20,024)	(25,128)	(25,321)	(32,129)	(32,642)
Net current liabilities	3,712	3,586	2,597	2,323	896	302
Creditors falling due after more than one year	(1,859)	(7,248)	(1,038)	(6,659)	(3,372)	(9,187)
Provisions for liabilities and charges, deferred income and minorities	(976)	(647)	(961)	(492)	(1,009)	(356)
Net assets	11,250	7,300	12,581	8,348	13,681	9,075

Cash flow statement

	1993 £'000 As reported	1993 £'000 Adjusted	1994 £'000 As reported	1994 £'000 Adjusted	1995 £'000 As reported	1995 £'000 Adjusted
Net cash inflow from operating activities	3,157	3,555	6,814	7,263	5,313	5,852
Returns on investments and servicing of finance	(1,053)	(1,451)	(1,100)	(1,549)	(1,349)	(1,888)
Taxation paid	(1,155)	(1,155)	(289)	(289)	(962)	(962)
Investing activities	(1,579)	(1,579)	(3,335)	(3,335)	(7,068)	(7,068)
Net cash inflow/(outflow) before financing activities	(630)	(630)	2,090	2,090	(4,066)	(4,066)
Financing	1,306	1,306	(1,618)	(1,618)	3,444	3,444
Increase/(decrease) in cash and cash equivalents	676	676	472	472	(622)	(622)

2. London office lease

The impact of treating the Lease as a finance lease is that the depreciated fair value of the asset, after provision for permanent diminution in value, should be shown as a fixed asset and the present value of the minimum lease payments, net of capital repayments, should be shown as a liability. The profit and loss account should contain a charge for depreciation of the asset, charged in arriving at operating profit, and a finance cost attributable to the finance lease included in net interest.

For the purposes of determining the restated balances the Board considers that the depreciated fair value of the Property, including the fixtures and fittings already shown in fixed assets and after provision for permanent diminution in value at 31 December 1992, is £2.1 million. The net addition to fixed assets at that date is £1.2 million.

The adjustments required are set out below.

Consolidated profit and loss account

	1993 £'000	1994 £'000	1995 £'000
Reported operating profit before exceptional items			
Operating lease rentals	398	449	539
Depreciation	(43)	(43)	(43)
Net adjustment to operating profit before exceptional items	355	406	496
Net interest – finance lease interest	(662)	(702)	(733)
Taxation impact in year	101	98	78

Consolidated net assets

	1993 £'000	1994 £'000	1995 £'000
Fixed assets – property	1,236	1,193	1,150
Prepayments	(60)	(81)	(81)
Creditors falling due after more than one year – finance lease	(5,389)	(5,621)	(5,815)
Provisions for liabilities and charges – deferred taxation	307	405	483

Cash flow statement	1993 £'000	1994 £'000	1995 £'000
Net cash inflow from operating activities – operating lease payment	398	449	539
Returns on investments and servicing of finance – interest on finance leases	(398)	(449)	(539)
Net increase/(decrease) in cash and cash equivalents	NIL	NIL	NIL

3. Bonus accruals

Performance related bonuses in respect of a financial year are paid in the following year. The Group has previously accounted for certain bonuses on a cash basis. The correct treatment is to account for bonuses on an accruals basis and to charge the profit and loss account in the year they are earned.

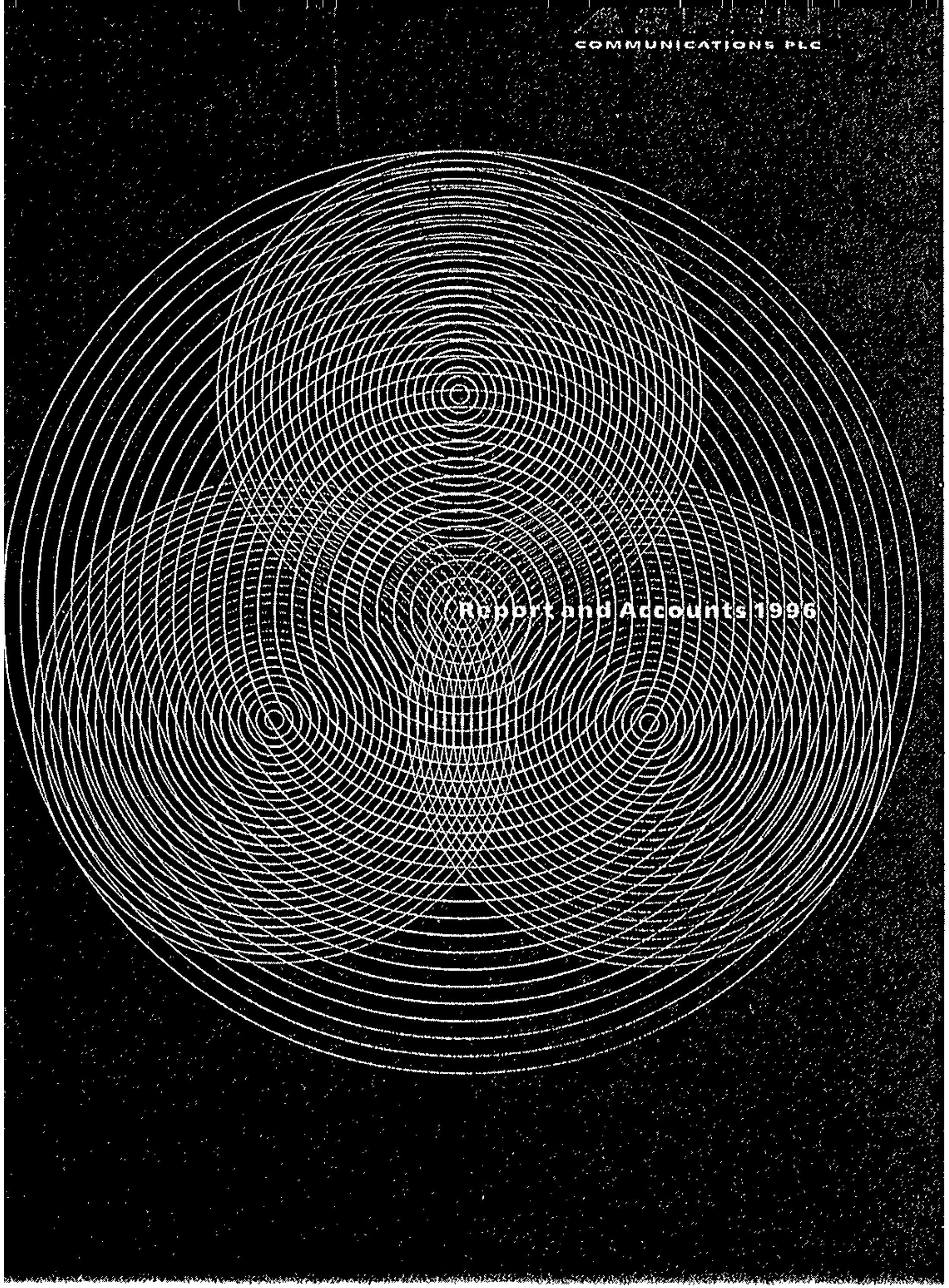
The adjustments required are set out below.

Consolidated profit and loss account	1993 £'000	1994 £'000	1995 £'000
Operating profit before exceptional items – bonuses	61	(127)	(320)
Taxation impact in year	(20)	42	106

Consolidated net assets	1993 £'000	1994 £'000	1995 £'000
Current liabilities – other creditors	(66)	(193)	(513)
Provisions for liabilities and charges – deferred taxation	22	64	170

4. Company balance sheet

The Company balance sheet adjustments are similar to those for the consolidated balance sheet in respect of the Lease and are not material in respect of the bonuses.



Interim Statement 1996

As anticipated in my AGM statement, the overall results for the period are below those of last year and disappointing against earlier expectations. Sales grew by 3% to £38.3 million and operating profit before exceptional items was £1.26 million down by 25%. Profit before tax was £1.04 million a reduction of 36% and earnings per share were down from 7.6 pence to 4.5 pence.

The Directors have declared an unchanged interim dividend of 2.5 pence net per share which will be paid on 12th November to shareholders on the register on 15th October.

In May the Board was very pleased to welcome, as Chief Executive, Iain Burns who has a wealth of experience in the media and services industries most recently as Group Managing Director of the international publishers, Macmillan.

The results are mainly due to a difficult period for the printing industry in general which had a significant impact on our printing division, slower than expected policy growth and a more rapid amortisation of policy acquisition costs in insurance services, and the costs relating to the change of Chief Executive.

Specialist Printing

During the period sales were 10% lower at £13.4 million and profits were down by 29% to £0.70 million.

Sales slowed sharply from March to June as rapidly falling paper prices disrupted the printing market. In addition de-stocking and purchasing delays by some of our larger customers contributed to lower sales. Our substantial investment programme in 1995 provided significant extra capacity with improved efficiency and management is now clearly directed to growing sales volumes.

The fire at our magazine printing company referred to in the 1995 annual report damaged the buildings and most of the equipment in the press hall and bindery. It is a tribute to our management that the company's operations will be fully restored this month. Gratitude is due to all the staff for their efforts and to our customers, 95% of whom remained loyal over this difficult period. We are optimistic that there will be no long term damage to the business but obviously the disruption has affected our expectations in the short term.

We believe our markets have now stabilised and the outlook for the division is more encouraging as the third quarter sales figures have shown some improvement.

Media and Communications

The division maintained profits at £0.28 million having grown sales by 12% to £14.2 million. Results from the media businesses are highly second half weighted reflecting client spending patterns and growing revenues from new development projects.

The international airline media business Spafax performed well and continues to broaden the range of services it offers and to increase the number of airline clients. At the same time our expertise serves the international demand for interactive programming and related advertising income which is growing strongly. Our other specialist media activities are making good progress with improved results from our expanding range of publishing products together with the advertising opportunities that we promote in Post Offices across the United Kingdom.

The television services business is beginning to benefit from the acquisition in 1995 of G P Film Services which is now performing to our expectations. Investment in 33mm film cameras, an additional digital studio, sound and graphics equipment, has expanded the range of services we offer to the growing market for the production of TV programmes and films. The challenge is to maintain and improve capacity utilistion in a highly competitive market.

Cleartone, our radio communications business, traded slightly ahead of its plans whilst building its strong brand position and close links with the public safety market. In an important move the company is collaborating in the development of new digital products targeted at the European-wide police and consumer markets. As anticipated the market for analogue cellular phones has slowed with the consequent effect on the division's results currently and for 1997.

The division is expected to have a satisfactory year reflecting good progress in our media business offset by Cleartone's reduced contribution.

Marketing Services

Sales in the division grew by 13% to £10.7 million although profit fell by 17% to £0.43 million. The divisional results reflect the growing strength of our field marketing business but this is offset by development costs of newly acquired Aspen Internet and by the costs of continuing to grow our insurance services business.

Outsourcing is rapidly becoming an accepted part of leading business activity and field marketing is well positioned in this area. Winning new customers and new business from existing customers is fuelling profit growth this year and building a strong platform for next.

In the UK and Holland our direct marketing businesses are both making good progress. Following a degree of re-organisation during the period the growing client list is delivering improved results and the trends look promising. Our new company Aspen Internet is trading ahead of expectations and will broaden our range of corporate services and enable full advantage to be taken of commercial and communications opportunities on the Internet.

Marketing skills determine the rate of success in today's direct insurance markets and insurance services continues to add to its policy numbers, albeit at a slower rate than anticipated, thereby growing its value. In 1996 we have also taken a more aggressive approach to the amortising of the policy acquisition costs and this has signficantly affected results in the period.

The outlook fo the division as a whole remains encouraging.

Outlook

Coincident with the arrival of Iain Burns a full review of the Group's activities and growth strategy is currently under way. The results of this review will be presented to the Board by the turn of the year and form the basis of a new strategic plan. The markets in which Aspen operates offer long term growth prospects and our range of specialist communication skills position the Group well to deliver profitable growth. Trading results since June, however, have been good in some parts of the Group with continuing underperformance in others, compounded by the effect of increased write-off of policy acquisition costs in insurance services. The Board's view therefore is that earlier expectations will not be met and profits will be lower than last year.

The Board remains confident that the Group will resume its growth in earnings for 1997 and beyond.

Henry Meakin
Chairman

23rd September 1996

Consolidated Balance Sheet

£'000	(Unaudited) As at 30.06.96	(Unaudited) As at 30.06.95	(Audited) As at 31.12.95
Fixed assets			
Intangible assets	844	844	844
Tangible assets	17,463	14,163	16,322
	18,307	15,007	17,166
Current assets			
Stocks	4,404	5,753	6,058
Debtors	24,449	22,551	25,031
Cash at bank and in hand	2,552	1,029	1,936
	31,405	29,333	33,025
Creditors: Amounts falling due within one year			
Bank and other loans	(1,500)	(3,000)	(1,500)
Trade and other creditors	(26,712)	(23,314)	(28,460)
Finance liabilities	(1,545)	(1,130)	(1,601)
Dividend payable	(387)	(350)	(568)
Net current assets	1,261	1,539	896
Total assets less current liabilities	19,568	16,546	18,062
Creditors: Amounts falling due after more than one year			
Bank and other loans	(1,541)	(69)	(41)
Finance liabilities	(3,048)	(2,537)	(3,331)
Deferred income	(43)	(78)	(57)
Provisions for liabilities and charges			
Deferred tax	(731)	(631)	(828)
Minority interests - equity	(91)	(222)	(124)
Net assets	14,114	13,009	13,681
Capital and reserves			
Called up share capital	773	699	748
Share premium account	5,451	4,015	4,646
Profit and loss account	7,890	8,295	8,287
Shareholders' funds - equity	14,114	13,009	13,681

Consolidated Cash Flow Statement

£'000	(Unaudited) 6 months to 30.06.96	(Unaudited) 6 months to 30.06.95	(Audited) Year ended 31.12.95
Net cash inflow/(outflow) from operating activities			
Operating profit, before interest	1,015	1,681	4,180
Depreciation	1,472	1,123	2,436
Profit on sale of tangible fixed assets	(79)	(17)	(96)
Exceptional costs re closure of terminated activities	-	-	(221)
Release of regional development grants	(14)	(22)	(43)
Currency adjustment	(36)	(11)	(39)
Decrease/(increase) in stocks	1,655	(553)	(825)
Decrease/(increase) in debtors	645	(2,584)	(4,945)
(Decrease)/increase in creditors	(2,351)	51	4,866
Net cash inflow/(outflow) from operating activities	2,307	(332)	5,313
Returns on investments and servicing of finance			
Interest received	29	14	49
Bank and loan interest paid	(151)	(73)	(229)
Interest element of finance liabilities	(178)	(91)	(295)
Dividends paid (including minorities)	(568)	(447)	(874)
Net cash outflow from returns on investments and servicing of finance	(868)	(597)	(1,349)
Taxation			
Taxation paid	(34)	(278)	(962)
Investing activities			
Purchase of tangible fixed assets	(2,264)	(4,541)	(7,371)
Purchase of subsidiary undertakings and minority interests	(163)	(284)	(632)
Sales of fixed assets	97	506	935
Net cash outflow from investing activities	(2,330)	(4,319)	(7,068)
Net cash outflow before financing activities	(925)	(5,526)	(4,066)
Financing			
Unsecured loans received	1,500	2,000	500
Hire purchase facilities received	520	2,377	4,052
Repayments of amounts borrowed	-	-	(28)
Capital elements of finance liabilities	(859)	(476)	(1,140)
Issue of shares	380	8	60
Net cash inflow from financing	1,541	3,909	3,444
Increase/(decrease) in cash and cash equivalents	616	(1,617)	(622)

Notes

1. Analysis of Turnover

£'000	6 months to 30.06.96	6 months to 30.06.95	Year ended 31.12.95
Specialist Printing	13,399	14,854	32,228
Media & Communications	14,226	12,712	27,696
Marketing Services	10,684	9,466	20,142
	38,309	37,032	80,066

2. Analysis of Operating Profit

£'000	6 months to 30.06.96	6 months to 30.06.95	Year ended 31.12.95
Specialist Printing	703	987	1,893
Media & Communications	279	275	1,289
Marketing Services	433	520	1,248
Management Company	(156)	(101)	(250)
Exceptional costs:			
Change of Chief Executive	(244)	-	-
	1,015	1,681	4,180

3. Earnings Per Share

The earnings per share figure is calculated on the profit for the financial period of £675,000 (1995: £1,056,000) and on 15,146,955 5p ordinary shares (1995: 13,980,382) being the weighted average number of shares in issue during the period.

4. Copies of the interim statement will be despatched to shareholders. Further copies can be obtained from the Company's registered office: Aspen House, Thomas Street, Cirencester, Gloucestershire GL7 2AX.

5. The comparative figures for the financial year ended 31st December 1995 and the balance sheet as at that date do not constitute the Company's statutory financial statements for that financial year within the meaning of Section 240 of the Companies Act 1985. Those financial statements 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.

Consolidated Profit & Loss Account

£'000	(Unaudited) 6 months to 30.06.96	(Unaudited) 6 months to 30.06.95	(Audited) Year ended 31.12.95
Turnover	38,309	37,032	80,066
Operating profit before exceptional administrative costs	1,259	1,681	4,180
Exceptional administrative costs			
Costs of change of Chief Executive	(244)	-	-
Operating profit	1,015	1,681	4,180
Exceptional items			
Profit on disposal of fixed assets	324	95	255
Costs of closure of terminated activities	-	-	(221)
	324	95	34
Interest (net)	(300)	(150)	(475)
Profit on ordinary activities before taxation	1,039	1,626	3,739
Taxation on profit on ordinary activities	(364)	(569)	(1,312)
Profit on ordinary activites after taxation	675	1,057	2,427
Minority interests	-	(1)	55
Profit for the financial period	675	1,056	2,482
Dividends	(387)	(350)	(918)
Retained earnings	288	706	1,564
Earnings per share	4.5p	7.6p	17.5p
Dividend per share	2.50p	2.50p	6.25p

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Registered office and head office: Aspen House, Thomas Street, Cirencester, Gloucestershire GL7 2AX.
Telephone 01285 652176 Fax 01285 656620 e-mail: admin@aspenplc.co.uk
Registrars: Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 3TU

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCK BROKER OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED PURSUANT TO THE FINANCIAL SERVICES ACT 1986 IMMEDIATELY.

IF YOU HAVE SOLD OR TRANSFERRED ALL OF YOUR ORDINARY SHARES IN ASPEN COMMUNICATIONS PLC PLEASE FORWARD THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY AT ONCE TO THE PURCHASER OR TO THE AGENT THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED, FOR TRANSMISSION TO THE PURCHASER OR TRANSFEREE.

ASPEN
COMMUNICATIONS PLC

(Registered in England No. 663645)

DIRECTORS:

H.P.J. Meakin (Chairman)
N.F. Worgan (Chief Executive)
E.A.R. Balding
M.A. Rogers (Finance Director)
I. Vinall
P.J.M. Threlfall (Non-Executive)
J.D. Salmon, OBE (Non-Executive)

REGISTERED OFFICE:

Aspen House
Thomas Street
Cirencester
Gloucestershire
GL7 2AX

29th April 1996

To the Shareholders

Dear Sir or Madam

ANNUAL GENERAL MEETING 1996

The Annual General Meeting of the Company is to be held on 29th May 1996 and you will see from the notice convening the meeting (which is set out on pages 43 and 44 of the Report and Accounts which this circular accompanies) that there are items of special business. The purpose of this letter is to explain certain of the proposals to be considered at the meeting as special business and the action that shareholders should take and also to give formal notice of the intention to pass a resolution of the directors relating to the CREST system.

PROPOSAL TO ADOPT NEW ARTICLES OF ASSOCIATION

Resolution number 9 is a resolution for the adoption of new Articles of Association. The Company's existing Articles of Association were adopted in April 1985 and have not been amended since then. Since then, considerable changes have been made to the legislation governing companies, in particular the consolidating Companies Act of 1985 and the changes introduced by the Companies Act 1989. There have also been substantial changes in the Rules of the London Stock Exchange and in the practice of listed companies generally.

The directors therefore consider that it is now appropriate to update the Company's Articles of Association to reflect these changes and modern corporate practice. Most of the differences between the existing Articles of Association and the proposed new Articles of Association are of a technical or administrative nature, but a summary of the principal differences is set out in Appendix I to this letter.

Copies of the proposed new Articles of Association will be available for inspection at the offices of Phoenix Securities Limited, 1 Laurence Pountney Hill, London EC4R 0EU from the date of this letter until the close of the Annual General Meeting and at the place of the Annual General Meeting for a period of 15 minutes prior to, and during, the Annual General Meeting.

EMPLOYEE SHARE OPTION SCHEMES

Resolution number 10 is a resolution for the adoption of a new unapproved executive share option scheme ("the New Executive Scheme"). Resolution number 11 is to make certain amendments to the Company's existing 1995 Executive Share Option Scheme ("the 1995 Executive Scheme") and Staff Share Option Scheme ("the Staff Scheme").

The objective of resolutions 10 and 11 is to ensure that incentives can be targeted in such a way as to help us recruit, motivate and retain senior management and staff generally. The effect of the resolutions is to enable unapproved options to be granted in excess of the £30,000 limit imposed on approved schemes by the Finance Act and to give the Remuneration Committee greater flexibility in allocating between the various schemes the existing overall limit of 10% of issued share capital over which options can be granted.

A summary of the principal features of the New Executive Scheme is set out in Appendix II to this letter. The amendments to the rules of the 1995 Executive Scheme and the Staff Scheme are to ensure that they reflect the more flexible arrangements now proposed for the New Executive Scheme.

Copies of the Rules of the New Executive Scheme will be available for inspection at the offices of Phoenix Securities Limited, 1 Laurence Pountney Hill, London EC4R 0EU from the date of this letter until the close of the Annual General Meeting and at the place of the Annual General Meeting for a period of 15 minutes prior to, and during, the Annual General Meeting.

CREST

Notification of intention to pass a directors' resolution relating to the CREST system

This is to give you notice, in accordance with the Uncertificated Securities Regulations 1995 ("the Regulations"), that the Company intends to pass a resolution of its directors that title to the ordinary shares of 5p each in the capital of the Company, in issue or to be issued, may be transferred by means of a relevant system.

Explanatory Note

The above notice informs members, in accordance with the Regulations, that the Company intends to pass a "directors' resolution" (as defined in the Regulations) in relation to its ordinary shares. A directors' resolution will enable the Company's ordinary shares to join CREST in due course. However, shareholders should note that the shares will not become transferable by means of the CREST system merely by virtue of the passing of the directors' resolution (nor will they do so by virtue of the directors' resolution becoming effective): the permission of the Operator of the system, CREST Co Limited, must also be given before the shares can become so transferable. The shares are expected to join CREST in November 1996.

The effect of the directors' resolution is to disapply, in relation to the ordinary shares, those provisions of the Company's Articles of Association that are inconsistent with the holding and transfer of those shares in CREST and any provision of the Regulations, as and when the shares enter the CREST system.

RECOMMENDATIONS

Your directors (whose ordinary shareholdings aggregate 27.6% of the present issued ordinary share capital) are of the opinion that the proposals outlined in this letter are in the best interests of the Company and recommend unanimously that you vote in favour of all the resolutions concerned as they intend to do in respect of their own beneficial holdings.

Yours faithfully

Henry Meakin

HENRY MEAKIN
Chairman

APPENDIX I

PRINCIPAL CHANGES TO THE ARTICLES OF ASSOCIATION

Set out below is a summary of the principal differences between the current Articles of Association of the Company and the new Articles of Association proposed to be adopted at the forthcoming Annual General Meeting. Article numbers refer to the proposed new Articles.

1. ARTICLE 13 — FRACTIONAL ENTITLEMENTS ON CONSOLIDATION OR RIGHTS ISSUES

New Article 13 extends the power of the directors to make arrangements for the allocation, acceptance or sale of fractions of a share to cover fractional entitlements arising on a rights issue.

2. ARTICLE 15 — DIRECTORS' AUTHORITIES AND POWERS TO ALLOT SHARE CAPITAL

New Article 15 is designed to simplify the resolutions to be placed before shareholders relating to the authorities and powers of directors to allot the Company's share capital. Article 15.1 contains authority to allot, while Article 15.2 disapplies the statutory pre-emption rights in the case of allotments pursuant to a rights issue (as defined) or up to the aggregate nominal amount to be specified in the appropriate disapplication resolution to be passed at each AGM.

3. ARTICLE 20 — SHARE CERTIFICATES

New Article 20 provides that if any shareholder requires several certificates for shares of the same class the Company will issue further share certificates upon payment by the shareholder of such reasonable sum as the Board may determine; the existing Articles do not oblige the Company to do so.

4. ARTICLE 25.3 — CREST SYSTEM

Article 25.3 permits the Board to adopt procedures for recording, transferring and evidencing title to the Company's shares without a written instrument, in anticipation of the introduction of the CREST system.

5. ARTICLE 27.2 — RIGHT TO REFUSE TO REGISTER TRANSFERS WHERE INFORMATION NOTICE NOT COMPLIED WITH

Article 27.2 contains a new provision to the effect that the Board may (subject to Article 36) refuse to register certain transfers of shares where a person has been served with a notice under Section 212 of the Companies Act 1985 and that person has failed to supply the required information within the period specified. The right of refusal to register a transfer is exercisable only where the shares to which the Section 212 notice applies represent at least 0.25% of the shares of that class.

6. ARTICLE 36 — DISCLOSURE OF INTERESTS IN SHARES

Article 36 gives the Board power to withdraw the voting rights of a shareholder who fails to comply with a notice from the Company requiring disclosure of information with respect to interests in its shares in accordance with Section 212 of the Companies Act 1985.

In the case of failure by a shareholder holding more than 0.25% of the relevant class of shares to respond to a Section 212 notice within 14 days, the Board may, in addition to the possible withdrawal of voting rights and the withholding of dividends, exercise its power under Article 27.2 to refuse, in certain circumstances, registration of a transfer of any of the relevant shares or to withhold dividends in respect of such shares pursuant to Article 175.

It should be noted that these provisions do not detract from the Company's ability to seek a court order "freezing" the shares on shorter notice than that appearing in the Articles.

7. ARTICLES 42, 45 AND 53 — INTEREST

New Article 42 fixes the rate at which interest is to be payable on the amount of a call which is not paid when due at 2% per annum above the base lending rate for the time being of National Westminster Bank Plc or such other bank as the Board may elect while new Articles 45 and 53 provide for the same rate of interest to be payable on advance payments of calls and on amounts payable in respect of shares which have been forfeited.

8. **ARTICLE 76 — ADJOURNMENT OF GENERAL MEETING**

New Article 76 empowers the Chairman to adjourn a general meeting without the consent of the shareholders present if those wishing to attend cannot be conveniently accommodated at the venue chosen for the meeting or in the event of unruly conduct.

9. **ARTICLE 100 — CONFLICTING PROXIES**

New Article 100 deals with the situation where the same shareholder lodges more than one proxy and the proxies conflict. The last proxy to be lodged is to be treated as superseding the others but if it is not reasonably possible to determine which was lodged last, all such proxies are to be treated as invalid.

10. **ARTICLE 102 — MAXIMUM NUMBER OF DIRECTORS**

The existing Articles do not set a maximum number of directors. New Article 102 introduces a maximum of ten directors.

11. **ARTICLE 103 — DIRECTORS' FEES**

New Article 103 increases the aggregate limits on the payment of fees to non-executive directors from £50,000 per year to £100,000 per year. This Article does, however, continue to allow the limits to be increased by an ordinary resolution of the shareholders.

12. **ARTICLE 108 — RETIREMENT OF DIRECTORS BY ROTATION**

The existing articles provide that no director holding office as chairman, managing director or joint managing director shall be subject to retirement by rotation. New article 108 provides that all directors shall be subject to retirement by rotation.

13. **ARTICLE 115 — VACATION OF OFFICE BY DIRECTORS**

New Article 115 extends the circumstances where a director shall vacate office so that a director shall vacate office (inter alia) if in the opinion of the Board he becomes physically or mentally incapable of performing the functions of a director and the Board resolves that he vacate office.

14. **ARTICLE 134 — DIRECTORS' BORROWING POWERS**

Under the existing Articles, the powers of the Board to exercise the borrowing powers of the Company is limited to four times the adjusted total of capital and reserves of the Company.

While that limit was considered appropriate when the existing Articles were adopted, it is felt that that limit is now unduly high and new Article 134 reduces the limit to twice the adjusted total of capital and reserves.

In addition, the definition of the adjusted total of capital and reserves has been expanded to clarify a number of areas.

New Article 134.5 clarifies what is meant by "monies borrowed" while new Article 134.6 deals with monies borrowed or denominated in a currency other than sterling.

15. **ARTICLES 157 TO 161 — COMMON SEAL**

Article 159 expressly permits the Company to have a securities seal as permitted by the Companies Act 1985 while Article 161 permits the Company to dispense with the need for a common seal altogether as a result of the changes in company law introduced by the Companies Act 1989 to that effect. It also reflects that Act by providing that a document signed by a director and the secretary or by two directors shall have the same effect as if executed under the common seal.

16. **ARTICLE 173 — PAYMENT OF DIVIDENDS**

The existing Articles provide that in the case of joint holders any dividend may be paid by cheque in favour of, and sent to, either of them. New Article 173 provides for payment to be made and to be sent to the member who is first-named on the register of members. This new Article also permits dividends to be paid by electronic means (such as BACS transfer).

17. **ARTICLE 175 — WITHHOLDING OF DIVIDENDS**

Article 175 allows the Board (subject to Article 36) to withhold the payment of any dividend where a Section 212 notice has not been complied with if the holding of shares in question represents at least 0.25% of the relevant class.

18. ARTICLE 177 — ORDINARY SHARES IN LIEU OF CASH DIVIDENDS

New Article 177 permits the Company to offer to shareholders the opportunity of receiving all or part of their dividend entitlements in new ordinary shares in the Company, rather than in cash, entitlements to be calculated by reference to the average of the middle market price over a five day period.

19. ARTICLE 184 — SUMMARY FINANCIAL STATEMENTS

New Article 184.2 permits, in accordance with the changes introduced by the Companies Act 1989, summary financial statements to be sent to shareholders.

20. ARTICLE 196 — UNTRACED MEMBERS

New Article 196 permits the Company to sell the shares of a member provided that for a period of 12 years no cheque or warrant sent to that member has been cashed and no communication has been received from that member; this Article incorporates certain new safeguards laid down by the London Stock Exchange.

21. ARTICLE 200.2

New Article 200.2 allows the Company to purchase and maintain directors' and officers' liability insurance which reflects the clarification of the law made by the Companies Act 1989.

APPENDIX II

RESOLUTION 10: SUMMARY OF PRINCIPAL FEATURES OF THE ASPEN COMMUNICATIONS PLC 1996 EXECUTIVE SHARE OPTION SCHEME ("THE NEW EXECUTIVE SCHEME").

ELIGIBILITY AND GRANT OF OPTIONS

All full-time employees of the Company and any participating subsidiaries, who are not within two years of their contractual retirement date, will be eligible to participate at the discretion of the Remuneration Committee. Options may normally be granted within 42 days after approval of the New Executive Scheme by shareholders and thereafter in each year in a period of 42 days starting on the announcement of the Company's interim or final results. Options may not be granted more than 10 years after the date of the adoption of the New Executive Scheme by shareholders. No consideration shall be payable for the grant of an option. The price at which participants may acquire ordinary shares shall not be less than the greater of their nominal value and their market value. The right to exercise options shall be made subject to satisfying performance targets imposed by the Remuneration Committee at the date of grant. Taking into account the views of institutional shareholders, it is intended that these targets shall require sustained growth in earnings per share measured against an inflation index. The exact terms of any performance targets imposed shall be disclosed in the next published Report and Accounts.

LIMITS ON GRANTS

No options may be granted to a participant which would result in:

a) the aggregate exercise price of ordinary shares comprised in options granted to him under the New Executive Scheme and any other equivalent option scheme of the Company in the preceding 10 years exceeding eight times his annual remuneration; or

b) the number of ordinary shares issued or remaining issuable by virtue of options or other rights granted in the preceding 10 years under the New Executive Scheme or any other employee share scheme of the Company exceeding 10% of the issued share capital.

EXERCISE OF OPTIONS

Options may normally be exercised in whole or in part during the period between the third and seventh anniversaries of their grant provided any performance targets specified at the date of grant have been satisfied. Options may be satisfied by the issue of new ordinary shares or the transfer of existing ordinary shares. Options normally lapse on cessation of employment. However, exercise is permitted for a limited period (irrespective of the period for which the option has been held or whether performance targets have been satisfied) following cessation of employment for specified compassionate reasons. Exercise is also permitted on an amalgamation, take-over or winding-up of the Company, and otherwise at the discretion of the Remuneration Committee. Options may be exchanged in specified circumstances.

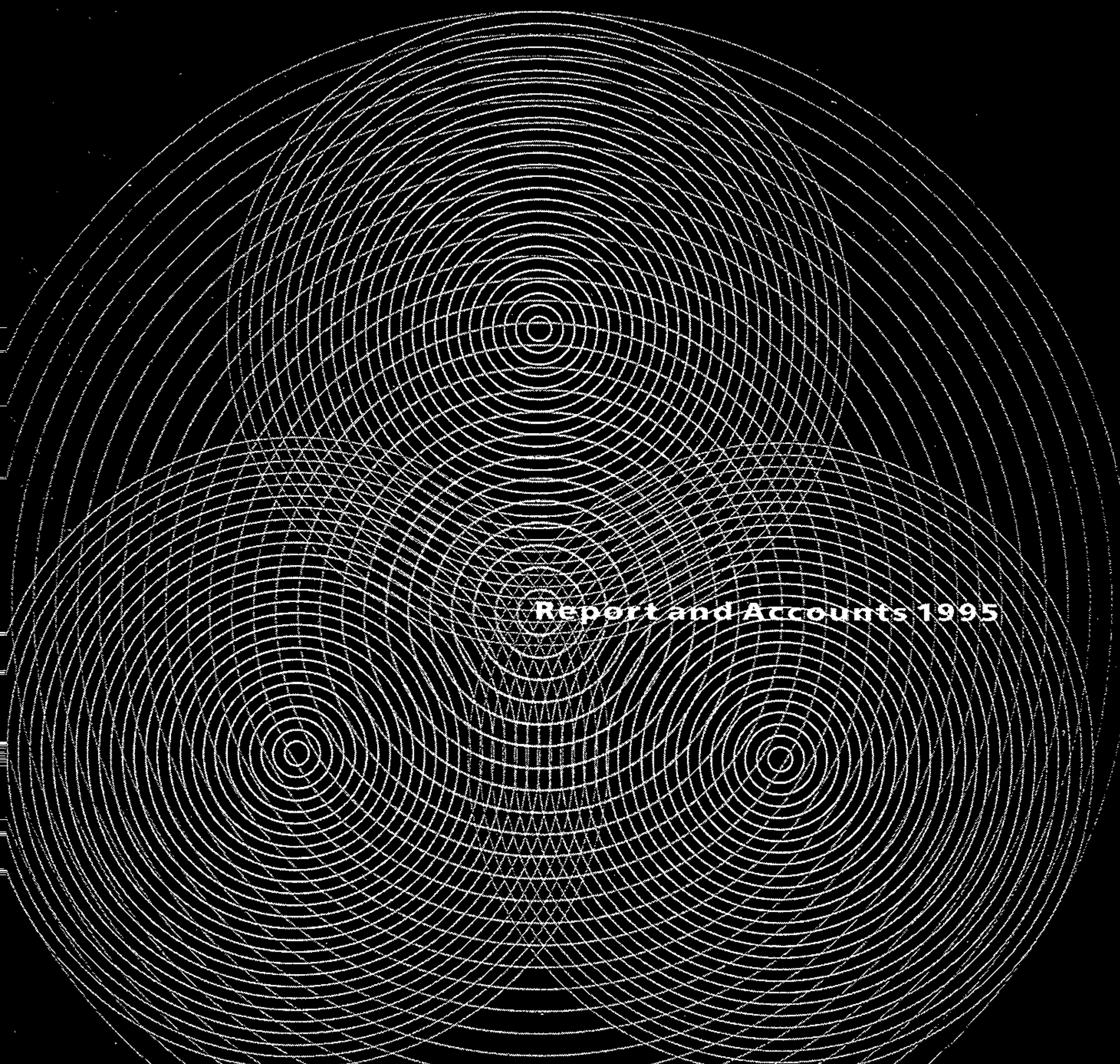
ADJUSTMENTS, RIGHTS AND AMENDMENTS

The number, denomination and class of ordinary shares comprised in an option and/or the exercise price may be adjusted if any capitalisation issue, offer by way of rights or any sub-division, reduction or consolidation of the Company's capital occurs. If ordinary shares are to be allotted and issued to a participant pursuant to the exercise of any option the Company will apply to the The London Stock Exchange for them to be admitted to the Official List. They will rank pari passu with all other issued ordinary shares of the Company. The Remuneration Committee may amend the New Executive Scheme, provided that the prior approval of the Company in general meeting is obtained for amendments to the material advantage of participants.

RESOLUTION 11: SUMMARY OF EFFECT OF AMENDMENTS TO THE ASPEN COMMUNICATIONS PLC 1995 EXECUTIVE SHARE OPTION SCHEME ("THE 1995 EXECUTIVE SCHEME") AND STAFF SHARE OPTION SCHEME ("THE STAFF SCHEME").

The Remuneration Committee wishes to have greater flexibility when allocating the 10% limit on dilution of the issued share capital between each of the employee share schemes of the Company. Accordingly, whilst this 10% limit is to be retained, the proposed amendments to the 1995 Executive Scheme will delete all other limitations on the dilution of the issued share capital, including the 5% limit normally applicable to executive schemes. The proposed amendment to the Staff Scheme is to ensure that the same overall 10% limit applies to it as to the other employee share schemes of the Company.

ASPEN
COMMUNICATIONS PLC



Report and Accounts 1995

Aspen Communications provides media and communications services to over 3,500 business customers.

The group seeks to interpret its clients' needs by delivering innovative products to the highest standards.

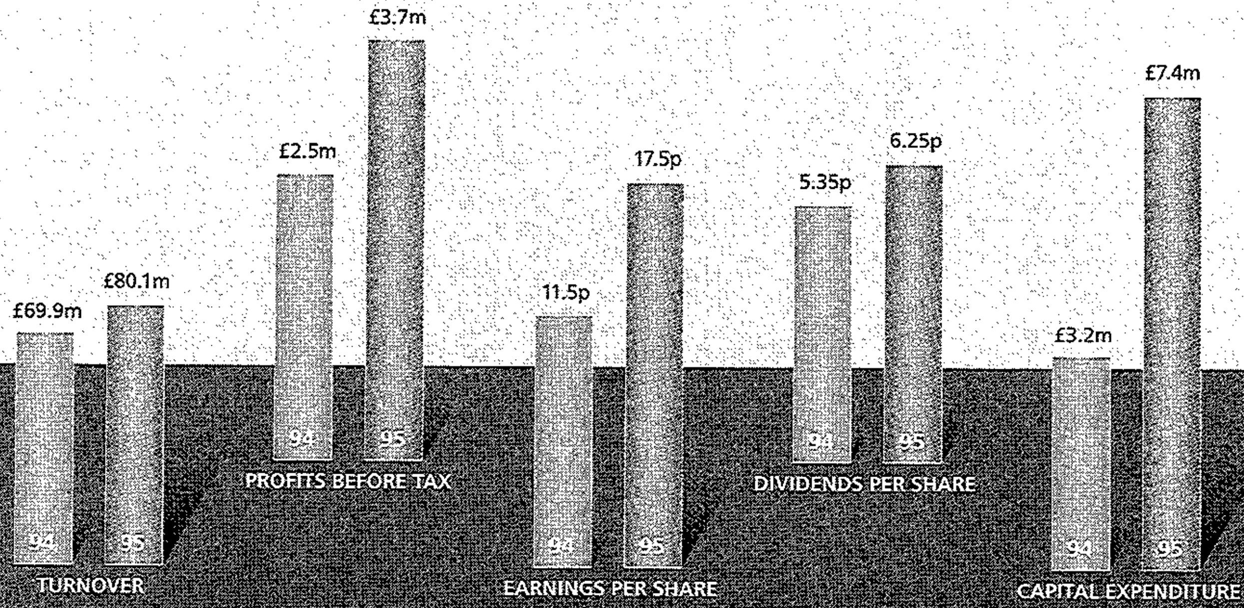
Aspen's products are mainly in print, video and electronic screen based media which increasingly use digital technology.

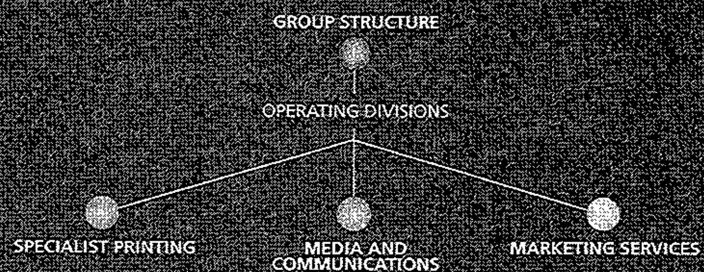
The group sets out to provide a stimulating and challenging working environment where there is determination to achieve profitable growth of the company.

The company aims to achieve leadership in its chosen market areas and thereby reward its shareholders and its people.

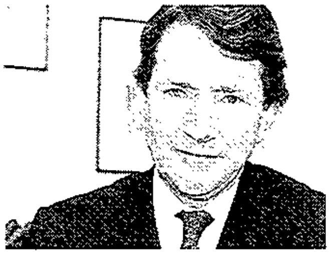
Contents

Financial Highlights





Chairman's Statement



In a year of good progress, Aspen's profits grew strongly in all three divisions and the company is on target to achieve its objective of doubling margins from the first half 1994 to the second half 1996.

- Profits before tax increased 49% to £3.7m (1994 : £2.5m)
- Earnings per share grew 52% to 17.5 pence (1994 : 11.5p)
- Strong profits growth for all three divisions
- Clear benefits from past investment in the latest and most productive technology

Turnover grew 15% to £80m, while pre-tax profits at £3.7m increased 49% over the same period last year. Earnings per share were up 52% from 11.5p to 17.5p. The Board is recommending a final net dividend of 3.75p making a total for the year of 6.25p, an increase of 17% on the previous year.

The group's decision to focus its activities on specialist sectors is delivering the anticipated results. In addition, we are reaping the benefits of significant investment in the latest and most productive technology. 1995 was a year of record investment which included net capital expenditure of £6.5m.

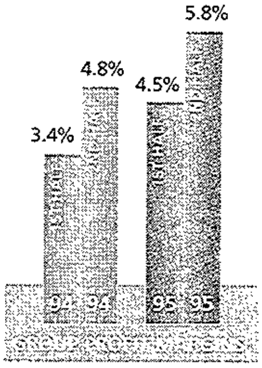
In the past twelve months we have extended the group's media activities. In October 1995 we acquired the 45% minority of our airline media company, Spafax, and an 80% interest in a film camera hire company, G P Films. Most recently we have purchased 70% of http://www Ltd which will supply internet services to the corporate sector as Aspen Internet. This opportunity for serving the electronic networks is an important addition to our overall capabilities.

The progress that is being achieved is encouraging and to our teams of people I send congratulations and sincere thanks for their success. In July Mark Rogers joined us as Finance Director from Kingfisher plc and the Board is pleased to welcome him to the Group Management.

Specialist Printing

Our printing division delivered a strong performance with profits up by 45% to £1.9m despite a 40% increase in paper prices which depressed the volume of printed material in the UK by 3%.

Much improved performances from all our printing operations included a particularly good result from our promotional print and direct mail companies. As part of our largest ever capital pro-



gramme, new state-of-the-art printing presses have been installed in our three principal production sites, and these, together with new digital linking and imaging technology, represent some £5m of expenditure in the year. The equipment is already delivering significant productivity gains and, in addition, provides considerable capacity for future expansion.

"The group's decision to focus its activities on specialist sectors is delivering the anticipated results".

Regrettably, I must report that our magazine printing company suffered an arson attack at the end of February 1996 which damaged the press and finishing departments. Despite outstanding efforts from our staff and suppliers, some time-sensitive work will be affected. However, about 50% of operations should be restored to normal by April with the balance being on stream from August. The plant is fully insured.

Since the year end, paper prices have started to decline which, combined with our new machinery, provides the prospect of renewed impetus for growth.

Media and Communications

The media and communications division increased profits by 54% to £1.3m. Our leading global airline media company now represents 40 airlines and is growing rapidly, as advertisers respond to the quality of the 310 million-strong audience that Aspen offers. The increasing number of aircraft equipped with multi-channel seat-back screens and interactive capabilities, points to an exciting future for our business.

Our publishing and specialist media activities made sound progress although paper price increases, now being reversed, impacted on the 1995 results. Since the year-end we have acquired and integrated the design and architectural title *Blueprint* together with the contract for the Tate Gallery magazine, *tate*.

"We are reaping the benefits of significant investment in the latest and most productive technology"

The market for television production facilities continues to keep pace with the growth in terrestrial, cable and satellite television channels. With intense competition for audiences and ratings, producers are boosting budgets. We invested further in new premises, digital TV cameras and editing equipment. A fast-growing 16mm camera hire company was acquired to broaden Aspen's range of services and recently we have bought 35mm cameras to expand its potential.

Radio communications enjoyed an excellent year. Our emergency services product range has been expanded and a new compact cellular telephone was launched in the autumn. Recent comparative weakness in the market for analogue cellular phones has dampened our expectations. We continue to source and develop new products for this very substantial market.

Business Communications advanced its development in integrated marketing and provided some award winning solutions to its growing client base in business to business marketing.

Marketing Services

Our clients' enthusiasm for the efficiency of direct marketing and the focus of field marketing resulted in a 64% increase in profits to £1.3m for the year.

A number of our field marketing blue-chip clients increased their spend with us in line with the trend to outsourcing retail sales support activity. Our leading market position, IT investment and customer focus provides an excellent platform from which to develop our growing client base.

Our direct marketing agencies in London and Amsterdam made good progress following a rather slow start to the year. Latterly a number of major new accounts have been won and levels of activity are building at an encouraging rate as both agencies increase their reputations and profiles.

"Our prime objectives remain to build scale within our core businesses and increase trading margins"

Increased investment in the development of our direct marketing of insurance to retired people is growing our valuable database of customers and prospects. The number of policies has grown significantly and we now offer an expanded range of products which we are able to cross-sell.

Sustaining Growth

Aspen operates in fast developing and rapidly changing sectors where the choice of media is broadening and becoming more complex. The rate of technological change seems unlikely to slacken and digital technology simultaneously promises enormous scope for greater efficiency and flexibility. Aspen's management is showing an ability to take advantage of these changing markets and exploit the opportunities which emerge.

The principal markets in which Aspen operates continue to grow and provide an excellent platform for the company's expansion. Our prime objectives remain to build scale within our core businesses and increase trading margins. Over the last two years the group's profits have recovered very strongly. Going forward we plan to deliver sustainable rates of growth and are confident that good progress will continue this year.

Henry Meakin

Henry Meakin CHAIRMAN
15th March 1996

Directors & Advisers

HENRY MEAKIN, 52, Executive Chairman. He was a founding director in 1969, and became Group Managing Director in 1975 and Chairman in 1979. He was a founding director in 1982 and in 1988 became Chairman of GWR Group PLC. He is a director of Classic FM and was its founding Chairman from 1991 to 1993. Henry Meakin is a member of both the Remuneration and Audit Committees.

NEIL WORGAN, 43, Chief Executive. A chartered accountant, he was a senior manager with Peat Marwick Mitchell before joining Aspen as Finance Director in 1983. He was appointed Joint Chief Executive in 1989 and Chief Executive in 1991.

EDWARD BALDING, 49. He trained in radio communications with the RAF and founded Cleartone in 1978. He joined Aspen in 1983 and was appointed to the Board in 1986.

IAN VINALL, 46, Chief Executive Specialist Print Division. He joined Aspen in 1989 when the company acquired Heanor Gate Printing Limited. He was appointed to the Board in 1994.

PETER JOHN THRELFALL, 52. He has been a shareholder and non executive director since 1975. Previously a management consultant, he is the former Managing Director of Wentgate Engineering Limited and is a member of both the Remuneration and Audit Committees.

JAMES SALMON, OBE, 54. A non executive director he was appointed to the Board in 1994. He is Chairman of ISA International plc, an electronic engineer with Board level experience in major printing and manufacturing companies. James Salmon is Chairman of both the Remuneration and Audit Committees.

MARK ROGERS, 39, Group Finance Director. A chartered accountant he joined Aspen on 1 July 1995 from Kingfisher plc where he was Group Financial Controller from 1988 to 1991 and was subsequently involved in strategy and business development.

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Registered in England
No. 663645

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Welsh Street Chambers
Chepstow
Gwent NP6 5LN

BANKERS
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Bank Plc
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London EC3P 3AR

Bank of Scotland
38 Threadneedle Street
London EC2P 2EH

Singer & Friedlander
Limited
21 New Street
Bishopsgate
London EC2M 4HR

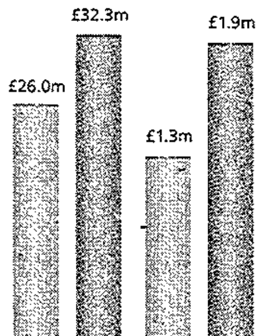
STOCKBROKERS
NatWest Wood
Mackenzie & Co.
Limited
135 Bishopsgate
London EC2M 3XT

REGISTRARS
Independent Registrars
Group Limited
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Review of Operations

CHIEF EXECUTIVE'S REVIEW Looking back on the year 1995, I am encouraged by our progress. To increase our sales by 15% and our trading margins from 3.8% to 5.2% in a low growth environment is a sound achievement. Our task is to continue the trend to grow the margins in our businesses to 10%. At the same time, we plan to increase the scale of our operating companies.

The media services sector offers above average growth prospects which, together with the trend towards 'outsourcing of services' and the rapid growth in direct marketing, provide us with excellent prospects. The review of the year which follows illustrates, in addition how Aspen is positioning itself both to use electronic media and to benefit from digital technology.



Specialist printing

The division continued to make good progress and received substantial capital expenditure amounting to £5.2 million (1994: £1.3 million). Turnover amounted to £32.2 million with operating profits of £1.9 million.

Heanor Gate, our high quality printer, performed well and the year saw the installation of new Man Roland four and five colour presses together with complementary finishing equipment. The company's investment in sales personnel over the last few years was rewarded with turnover up 24% on 1994. 1996 will see a further investment in new Linotype Hell reprographic equipment to provide not only improved quality but also stronger digital links on line to our customers. To support these much expanded operations the company is currently computerising its entire estimating, stock and production control, costing and accounting systems. When completed in mid 1996, this project will further improve efficiency and customer service.

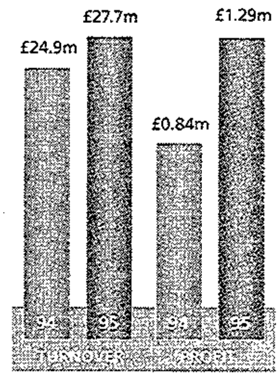
Our mailing and special products company, Aspen Preprint, achieved profits growth again and continued its investment programme to move further into the direct mail market. In the year approximately 55% of turnover was generated from this new area. This move into new markets has been assisted by substantial continuous training for staff engaged in sales, order processing and production. It is pleasing to report that good progress has been made and 1995 saw an excellent financial return for our four year investment programmes. In the second half we invested £1.4 million in a state-of-the-art Drent 8 colour press and this year a new Barco digital graphics system was installed to provide on-line connection to our customer base.

"With a substantial capital expenditure programme and related investment in training and sales we are confident we have quality businesses in growth markets"

Pensord Press, our business magazine printer, made excellent progress starting to increase its trading margins resulting from our continuing investment in the latest production equipment. 1995 saw £1.0 million capital expenditure on a new Komori four colour press and digital front end reprographic equipment. This progress was interrupted in mid February 1996 when a fire believed to be caused by two juveniles caused extensive damage to the printing and binding areas. New equipment has been installed to give limited output in April and progressively full production will be in place by August. In the meantime, Pensord are maintaining customer relationships by using sub contractors to produce some magazines. Whilst it is not yet possible accurately to assess the financial impact, it is reassuring that nearly all our customers have indicated they will remain loyal. The company carries replacement cost asset insurance and 12 month business interruption cover.

Our three companies operate in print markets that are forecast to grow healthily over the medium term. With a substantial capital expenditure programme and related investment in training and sales we are confident we have quality businesses in growth markets. We believe the division will continue to make progress with its expanding customer base, the range of products offered and the quality of its service. We anticipate another year of profits growth which, due to Pensord's circumstances, will be weighted to the second half of the year.

Media and communications



The division enjoyed a year of further profits growth despite continuing revenue investment expenditure in Spafax, Aspen Specialist Media and Aspen Television Services. Profits amounted to £1.29 million and turnover increased 11% to £27.7 million.

In 1995 we purchased the outstanding 45% minority interest in Spafax, our airline media and entertainment company. The year saw the completion of the first stage of our strategy to be the world

A year of record investment

The group's production operations were expanded with the latest technological equipment to more than double the annual level of investment in 1995.

leader in the sale of advertising on airline screens, radio and magazines. Today, Spafax operates through five offices around the world, selling media on 40 of the world's airlines and delivering an annual audience of 310 million long haul passengers. In addition, it supplied 1,000 hours of television programming in 1995 for clients including British Airways, Singapore Airlines and Air Canada. In October, our client British Airways received the Best Inflight Entertainment award at the World Airline Entertainment Association conference in Amsterdam. In the current year Spafax is helping both Cathay Pacific and Singapore Airlines to develop multichannel interactive seat back systems. With our clients we are working to develop programming, media sales and revenue streams from on-board shopping and services.

Aspen Specialist Media invested in strengthening its range of media products in Post Offices in anticipation of the new commercial opportunities emerging in Post Office Counters. Today, we are selling advertising on direct response television screens, sales promotion leaflets and poster sites in the Post Office's nationwide retail network. Aspen's experience in this area together with the high street promotional skills of its field marketing operations offers considerable potential in providing point of sale media services to other retailers in the UK.

Aspen Litharne Publishing made good progress in many areas but its results suffered from higher paper prices. Investment continued in improving the quality of its magazine titles and in building subscription income to offset an increasingly crowded environment in newsagents. During 1995 the company has more than doubled the new subscribers to its magazines. In January 1996, the company acquired Blueprint Media so adding a further two high quality titles, *Blueprint* and *tate*.

1995 saw the completion of the first stage of our strategy to build the world leader in the sale of advertising on airline screens, radio and magazines

Aspen Business Communications which now provides integrated marketing communications services to the business to business sector invested further in its people skills. This was rewarded by a number of contracts from new corporate clients including Nokia, Potterton Myson and BDO Stoy Hayward.

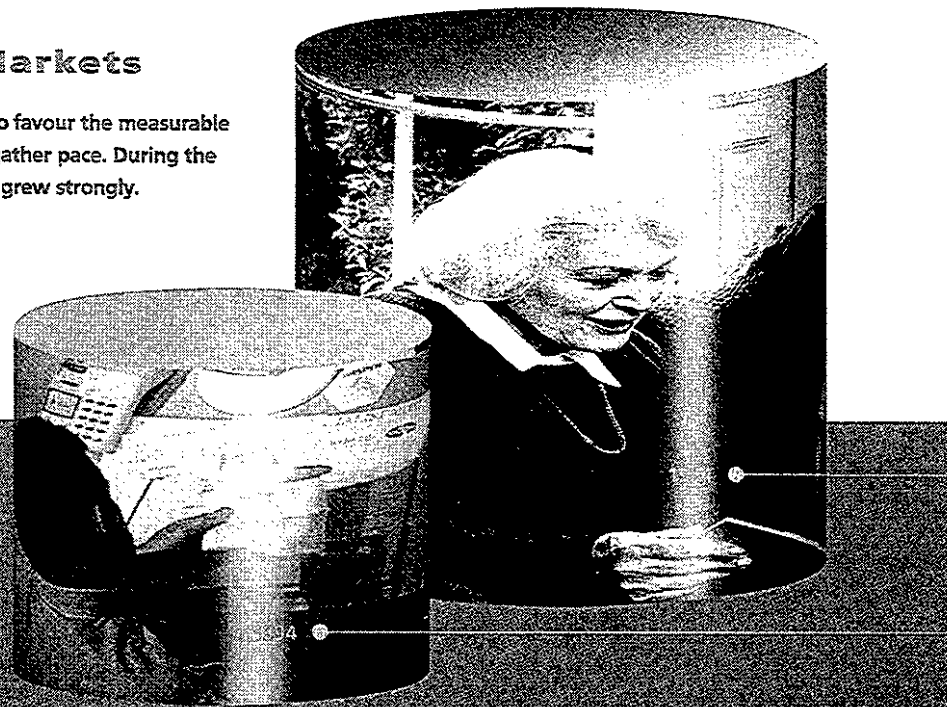
Aspen Television Services continued to make progress in implementing its strategy of being a comprehensive supplier of camera, lighting, editing and sound services to the broadcast television market. This positioning was significantly strengthened in October when we entered the film camera hire market by acquiring GP Films. This acquisition moves the company into new areas of the broadcast market including documentaries and drama. Developments in the year saw the opening of Artists' Court, our non-linear editing, graphics and sound centre in London and the further digitalisation of our post production edit suites. The current year will see further investment with a significant move into the 35mm film camera hire market to supplement our existing range of 16mm equipment. Forecasts indicate a growing need for originated programmes to supply the increasing number of television channels. Aspen Television Services is positioned to take full advantage of this growth in demand.

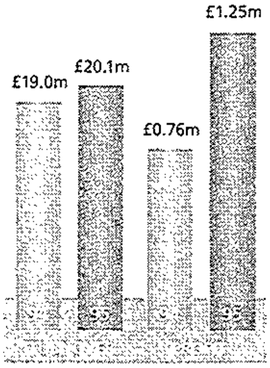
Cleartone enjoyed an excellent year's trading with further expansion of its mobile radio product range for the UK emergency services and government departments. Its new compact analogue cellular telephone has been very well received. Continuing development work was undertaken on digital communications products as the company positioned itself to supply the new digital systems that will dominate the future of the rapidly growing mobile communications market.

The media division anticipates further growth in profits in the current year, again with a strong bias towards the second half of the year.

Focus on Growing Markets

The trend in the United Kingdom for clients to favour the measurable techniques of direct marketing continues to gather pace. During the year Aspen's revenues from direct marketing grew strongly.

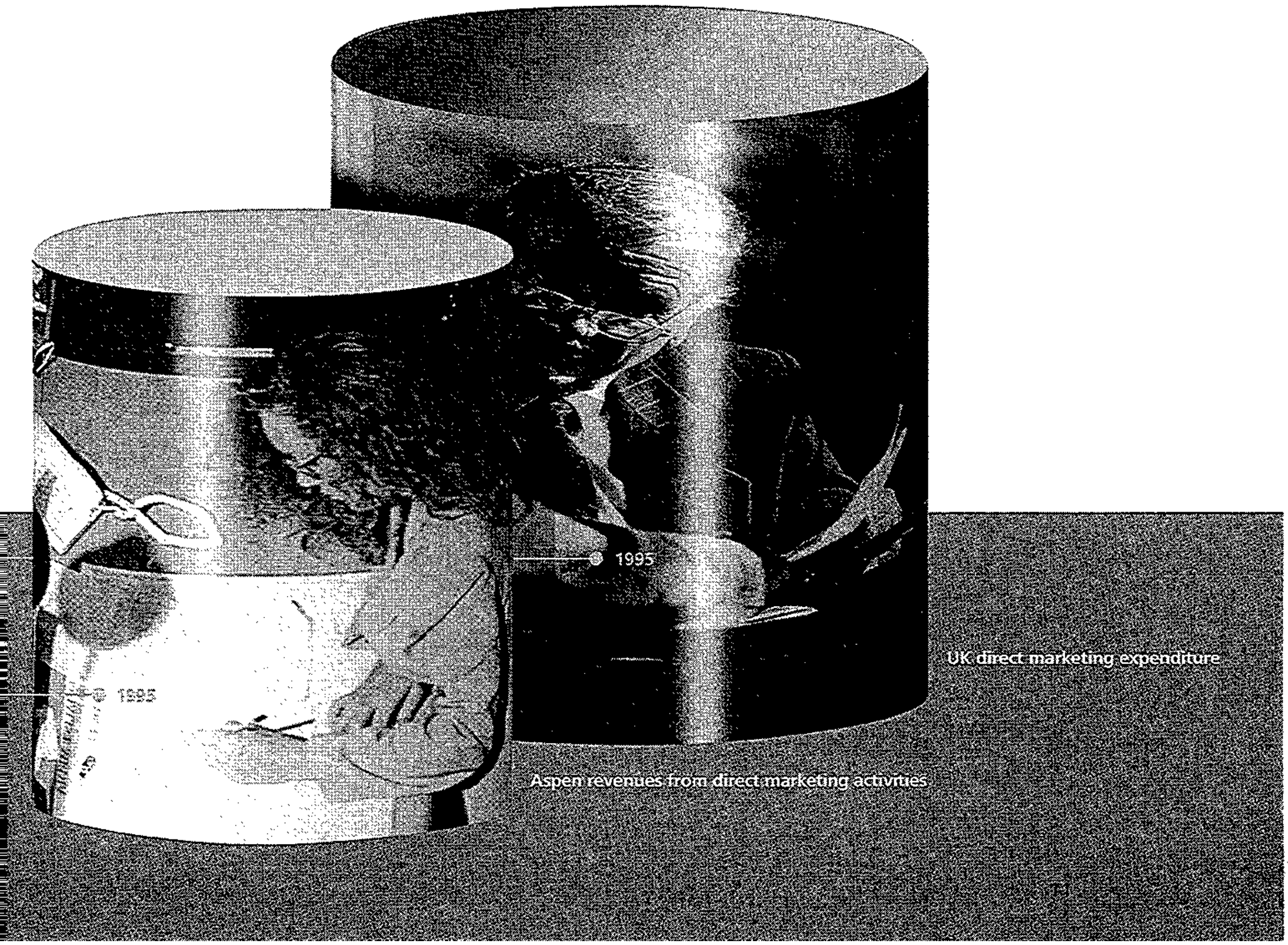




Marketing services

The marketing services division delivered profits of £1.25 million and increased turnover by 6% to £20.1 million.

Aspen Field Marketing enjoyed excellent growth in turnover and profits as a result of an increasing trend by manufacturing companies to 'outsource' their sales representation in retailers. As a result, an increasing proportion of the company's turnover is now on a contracted basis with clients. Considerable investment was undertaken in the year to develop the company's IT capability to enable fast and accurate information to be provided from retail outlets directly to our clients. Trials are underway to provide this information by means of hand held terminals. In May 1995 Katie Audaer and Anthony Jones were promoted to joint managing directors of the company further strengthening the management team at a time of exceptional opportunity.



Our direct marketing group performed strongly in the second half with significant new client gains including Alliance and Leicester Building Society and Barclays Unicorn in the UK, and Generali and Altis/PGGM in Holland. A feature of the direct marketing group has been an expansion in the range and number of significant clients which will give rise to consistent income streams in future years. Considerable progress has been made in strengthening the sector and creative skills of the group and we now offer expertise in television, radio and outdoor advertising as well as traditional direct marketing media. The acquisition of http://www Ltd, now renamed Aspen Internet, will provide our direct marketing agencies with telephony and software knowledge to develop Internet sales opportunities for their clients. The Internet will play a key role in the future of marketing and the combination of Aspen Internet and Aspen's marketing and advertising skills is a strong proposition in this enormous area of growth in communications.

The combination of Aspen Internet and Aspen's marketing and advertising skills is a strong proposition

Direct marketing of our own insurance products to the "Over 55s" market continued to achieve scale. Under the Retirement Insurance Advisory Service brand the number of policies has

Growth of Outsourcing

Large companies increasingly rely on external suppliers to provide their non-core services. The group's media and marketing operations are managing rapidly growing outsourced budgets for major clients.

reached 68,000. In 1995 we sold health and motor insurance products using our now substantial database of respondents. A feature of the year has been the intense competition in the market to which we respond by providing an excellent service at a competitive price. The company has successfully exceeded its targetted renewal rates and continues to develop its marketing techniques. We anticipate a significant increase in the number of new policyholders in 1996.

The markets for both Field and Direct Marketing have shown strong growth as companies increasingly appreciate the cost effective and measurable nature of their expenditure 'below the line'. In an ever more competitive business environment efficiency in marketing expenditure will be increasingly monitored. Our division is well positioned to help clients deliver results and another year of growth is anticipated.

Neil Worgan
CHIEF
EXECUTIVE

1995
Outsourcing budgets managed by Aspen

Financial Review

Financial Highlights

On page 1 we have illustrated the financial highlights for the Group.

Turnover up 15%
from £69.9m to £80.1m.

Pre-tax profits up 49%
from £2.5m to £3.7m.

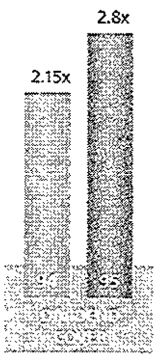
Earnings per share up 52%
from 11.5p to 17.5p.

Dividends up 17%
from 5.35p to 6.25p

Capital Expenditure up
from £3.2m to £7.4m.

The increases in turnover and profits are fully explained by division in the Operating Review. Earnings and Dividends are reviewed here in the section on dividend cover. Capital expenditure is reviewed opposite

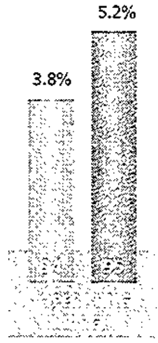
The financial review sets out to provide an understanding of the financial framework within which the company operates and the major factors driving the improvement in the Group's financial performance.



Operating Margin

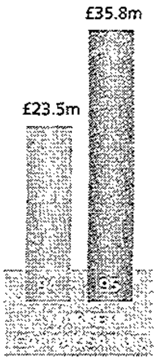
Operating profit increased by 55% from £2.7m to £4.2m. The operating margin continued to improve, up from 3.8% to 5.2%. The improvement was generated by controlling the rise in operating expenses below 9% whilst growing sales by 15% and maintaining the gross margin.

Gross margin was held at 32% giving an increase in margin contribution of £3.2m whilst the operating expenses grew by £1.7m thus creating the improvement of £1.5m in operating profit and 1.4% in the operating margin.



Dividend Cover

Earnings per share were up by 52% from 11.5p to 17.5p. The dividend was increased by 17% from 5.35p to 6.25p. Dividend cover is now 2.8 times compared with 2.15 times in 1994. This represents a prudent balance between sustainable dividend growth and retention of funds for reinvestment in the future growth of the business.

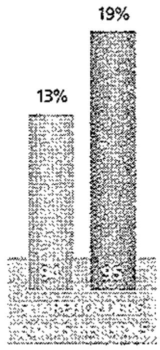


Market Capitalisation

During the year the share price rose by 42% from 168p to 239p per share. This is slightly below the increase in earnings per share of 52%.

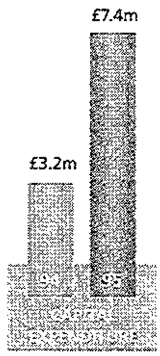
In the year 991,411 shares were issued principally in connection with the acquisition in our media and communications division of 80% of G.P. Film Services and the 45% minority interest in Spafax Airline Network.

As a result there were 14,969,341 shares in issue giving a market capitalisation of £35.8m compared with £23.5m at the end of 1994.



Return on Shareholders' Funds

Profit for the financial year attributable to ordinary shareholders improved by 58% to £2.5m. This amounts to a 19% after tax return on average shareholders' funds compared with 13% in 1994. Shareholders' funds increased during the year by £1.1m to £13.7m.



Capital Expenditure

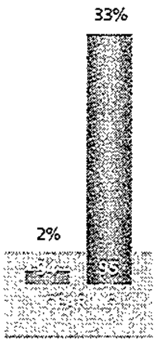
Gross capital expenditure was £7.4m up from £3.2m. This major investment programme included £5.2m in printing to provide four new presses, digital front-end equipment and finishing equipment. A further £0.9m provided additional capabilities in the television services business. The remainder was invested in information systems and infrastructure to support growing scale.

Net Borrowings

Net borrowings have increased by £4.3m. The cash inflow from operations was £5.3m after a £1.1m increase in working capital. Interest, dividends and tax amounted to £2.4m. The net outflow on investing activities was £7.0m of which £0.6m related to acquisitions. In addition, £0.2m of finance liabilities were acquired with G.P. Film Services.

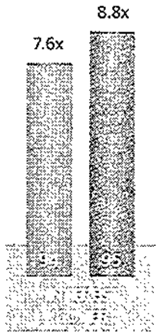
Net borrowings comprise cash of £1.9m offsetting short term loans of £1.5m and finance liabilities of £4.9m of which £3.3m falls due for repayment in more than one year. The hire purchase arranged this year is part of a £5m facility. In addition, the Group has committed short term loan facilities of £7m, with staggered termination dates, and a net overdraft facility of £2m.

Gearing



Gearing rose from 2% to 33%. Shareholders' funds are up from £12.6m to £13.7m and net borrowings have increased from £0.2m to £4.5m.

Measured against the year end market capitalisation gearing is only 12.7% which is more consistent with interest being covered 8.8 times



Interest Cover

Interest cover continues to improve. Operating profits covered interest 8.8 times which compares with 7.6 times in 1994.

The interest charge increased from £354,000 to £475,000. This arose principally from the higher levels of borrowing arranged to fund the investment programme.

Mark Rogers
GROUP FINANCE DIRECTOR

Directors' Report

The directors have pleasure in presenting their annual report to shareholders, together with the audited financial statements for the year ended 31st December 1995 on pages 20 to 40.

Principal activities and business review

The Group manages a range of communications products and service companies which operate in three divisions, Specialist Printing, Media and Communications and Marketing Services. Further details of the Company's operations are given in the Chairman's Statement on page 2 and the Chief Executive's Review of Operations on page 6.

Results and Dividends

A summary of the results is shown on page 1 and is further explained in the Chairman's statement and the Financial Review on page 14.

An interim dividend of 2.50p per share was paid in October 1995 (1994: 2.15p). The directors recommend a final dividend of 3.75p per share (1994: 3.2p) to be paid in June 1996 giving a total net dividend of 6.25p per share (1994: 5.35p). After deducting the total dividend, the profit for the year retained in the Group was £1,564,000.

Acquisitions

On 25th October 1995 the Company acquired the outstanding minority interest in Spafax Airline Network Limited for an initial consideration of £1,325,000 satisfied by the issue of 632,752 ordinary shares - Mr Hunter received 362,319 ordinary shares, Mr Hilleary received 270,433 ordinary shares, 169,082 were conditionally placed and 101,351 retained. Mr Hilleary is entitled to receive additional consideration depending upon the profits attained by Spafax Airline Network Limited in the years ending 31st December 1995, 1996 and 1997.

On 25th October 1995 the Company acquired 80 per cent of GP Film Services Limited for a sum of £640,000 satisfied by an allotment of 304,609 new ordinary shares, the vendors who are also the directors of G.P. Film Services Limited retained the minority shareholding. The vendors of G.P. Film Services Limited have the option to sell the outstanding minority to the Company at any time from April 2000 to March 2001 at market value up to a maximum of £640,000.

On 15th March 1996 the company acquired 70% of http://www. Limited, a business solutions provider on the Internet, for a consideration of £450,000 satisfied by the issue of 166,482 new ordinary shares. The vendors who are also directors of http://www. Limited retained the minority shareholding.

Directors and their interests

The directors of the Company who held office at the end of the financial year and their beneficial interests in its share capital were:

	Number of Ordinary Shares of 5p	
	31st December 1995	31st December 1994 (or date of appointment)
H P J Meakin	2,142,019	2,127,019
P J M Threlfall	1,437,430	1,402,430
M A Rogers	40,000	-
J D Salmon	5,000	5,000
I Vinall	189,669	189,669
N F Worgan	213,000	203,000
E A R Balding	153,157	153,157

Under the terms of the Aspen Share Option Schemes the following options have been granted to the directors:

	No. of share options held	Option price	Exercise period
N F Worgan	55,000	100p	1994 - 2001
	200,000	85p	1994 - 2001
I Vinall	40,000	85p	1994 - 2001
E A R Balding	35,000	168p	1993 - 2000
	5,000	85p	1994 - 2001
H P J Meakin	60,000	245p	1998 - 2005
M A Rogers	40,000	220p	1998 - 2005

The options held by H P J Meakin were granted on 27th November 1995 and those held by M A Rogers were granted on 2nd November 1995. There were no other grants of options during the year save as disclosed above, nor did any director exercise any options, however N F Worgan surrendered 5,000 options granted at 375p. The Company's mid market share price was 239p at 31st December 1995.

Mr M A Rogers was appointed to the Board on 1st July 1995 and in accordance with the Company's Articles of Association offers himself for re-election at the Annual General Meeting. No director has a beneficial interest in any shares of any subsidiary undertaking.

There have been no other changes in directors' interests since 31st December 1995.

In accordance with the Company's Articles of Association, Mr N F Worgan is retiring by rotation, and being eligible, offers himself for re-election at the Annual General Meeting. Mr Worgan does not have a service contract with the Company. No director was or is materially interested in any contract subsisting during or at the end of the financial year which was significant in relation to the Group's business.

Insurance of directors

The Group maintains insurance for the directors of Aspen Communications PLC in respect of their duties as directors of the Group and for the directors and officers of all subsidiary undertakings.

Share capital

Details of the changes in the share capital of the Company are shown in note 22 to the financial statements.

The directors have been notified of the following interests in the issued share capital of the Company.

Shareholder	No. of Shares	%
Edinburgh Fund Managers plc	1,801,190	11.9
Herald Investment Trust plc	775,000	5.1
Framlington Group plc	614,084	4.1

The directors have been notified that the interests of Edinburgh Fund Managers plc are non-beneficial and represent shares held under discretionary management.

Special business

A resolution will be proposed at the Annual General Meeting to renew the existing powers of the directors, which expire at that time, to issue equity securities in certain circumstances and up to a stated limit, other than pro rata to shareholders. A further resolution will be proposed to renew the Company's power in certain circumstances to purchase up to 10% of its own shares. The Board would commence purchasing ordinary shares only after careful consideration and in the expectation that it would result in an increase in expected earnings per share after taking account of other investment opportunities and the overall financial position of the Company.

Accompanying the Report and Accounts is a letter from the Chairman to shareholders giving further explanation of the resolutions numbered 9 and 10.

The CREST System

In accordance with the Uncertificated Securities Regulations 1995 ('the Regulations'), the Company intends to pass a resolution of its directors that title to the ordinary shares of 5p each in the capital of the Company, in issue or to be issued, may be transferred by means of a relevant system.
Further details are included in the letter from the Chairman which accompanies the Report and Accounts.

Listing of Shares

It is the Board's intention to make an application for the Company's shares to be admitted to the Official List of the London Stock Exchange.

Fixed assets

Details of the movements in tangible fixed assets during the year are given in note 12 to the financial statements.

Tax status

The directors are advised that the Company is not a close company as defined by the Income and Corporation Taxes Act 1988.

People within the Group

Management of the Group is devolved to its operating companies and our policy is to support our people by training, career development and opportunities for promotion. We believe in an open management approach and close consultation on matters of concern to our staff. Information is shared on each company's performance which, together with participation in the Company's share option schemes and application of performance related bonuses, encourage staff involvement. The Group's policy provides that disabled persons, whether registered or not, shall be considered for employment, training and career development having regard to their aptitude and abilities.

Corporate Governance

The directors consider that they have complied with the principles and operative provisions of the Cadbury Committee's Code of Best Practice for the year ended 31st December 1995. The only exception is the composition of the audit committee which comprises the Chairman and the two non-executive directors.

Internal financial control

The Board of directors is responsible for the Group's system of internal financial control. It must be recognised that any such system can provide only reasonable and not absolute assurance of the safeguarding of Group assets, the maintenance of proper accounting records and the reliability of financial information. The key features of the control system which has been established are as follows:

Control environment

The Group Board comprises five executive and two non-executive directors each of whom takes an active role in monitoring the control environment. In particular, both non-executive directors are members of the Audit Committee. The Board meets on a regular basis in order to discuss corporate strategy and investment planning and to monitor performance.

Operational control and the implementation of Group strategy and policy is delegated by the Board to the executive directors and the managing directors of each subsidiary company.

Risk assessment
The Board acts to identify, monitor and control risks affecting the Group as a whole. In addition, responsibility for risk identification and monitoring within each subsidiary is delegated to local management.

Control procedures
Group accounting procedures identify and provide guidance in key control areas. Within that framework, control procedures appropriate to its own needs and circumstances are developed and maintained by each subsidiary. Implementation of these procedures is monitored centrally. The Board maintains control both over monthly reporting by each subsidiary and the annual budget setting process.

Monitoring and information systems
Information systems are developed and maintained by each subsidiary, appropriate to its own requirements. Detailed management accounts are prepared and these form the basis of a monthly meeting involving the Board and local management. In addition, information systems and financial reporting issues in general are subject to detailed review by the Audit Committee on an ongoing basis.

The Board has reviewed the effectiveness of the system of internal financial control for the period to 31st December 1995.

Going concern
The directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Auditors
Our auditors KPMG have indicated that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the Annual General Meeting for the appointment of KPMG Audit Plc as auditors of the company.

By Order of the Board

M A Rogers
16th April 1996

Financial Calendar

Annual General Meeting	29th May 1996
Dividend record date	21st May 1996
Final dividend payment	18th June 1996
Interim results announced	September 1996
Interim dividend payment	October 1996
Preliminary announcement of final 1996 results	March 1997
Report and Accounts for 1996 despatched to shareholders	May 1997

Consolidated Profit and Loss Account

For the year ended 31st December

	Note	1995 £'000	1994 £'000
Turnover	1	**80,066**	69,910
Cost of sales	2	**(54,413)**	(47,475)
Gross profit		**25,653**	22,435
Operating expenses	2	**(21,473)**	(19,744)
Operating profit		**4,180**	2,691
Profit on disposal of fixed assets		**255**	165
Costs of closure of terminated activities		**(221)**	-
		4,214	2,856
Interest (Net)	3	**(475)**	(354)
Profit on ordinary activities before taxation	4	**3,739**	2,502
Taxation on profit on ordinary activities	7	**(1,312)**	(878)
Profit on ordinary activities after taxation		**2,427**	1,624
Minority interests	21	**55**	(53)
Profit for the financial year	8	**2,482**	1,571
Dividends	9	**(918)**	(748)
Profit retained for the year		**1,564**	823
Earnings per share	10	**17.5p**	11.5p

The Group had no material recognised gains and losses other than those included in the profits above and therefore no seperate statement of total recognised gains and losses has been presented.

There is no material difference between the Group results as reported above and on an unmodified historical cost basis. Accordingly no note of historical cost profits and losses has been included.

Consolidated Balance Sheet

At 31st December

	Note	1995 £'000	1994 £'000
Fixed assets			
Intangible assets	11	844	844
Tangible assets	12	16,322	11,139
		17,166	11,983
Current assets			
Stocks	14	6,058	5,200
Debtors falling due within one year	15	21,991	18,536
Debtors falling due after more than one year	15	3,040	1,431
Cash at bank	16	1,936	2,558
		33,025	27,725
Creditors:			
Amounts falling due within one year	17	(32,129)	(25,128)
Net current assets		896	2,597
Total assets less current liabilities		18,062	14,580
Creditors:			
Amounts falling due after more than one year	18	(3,372)	(1,038)
Deferred income	19	(57)	(100)
Provisions for liabilities and charges			
Deferred tax	20	(828)	(631)
Minority interests - equity	21	(124)	(230)
Net assets		13,681	12,581
Capital and reserves			
Called up share capital	22	748	699
Share premium account	23	4,646	4,007
Profit and loss account	25	8,287	7,875
Shareholders' funds - equity	26	13,681	12,581

These financial statements were approved by the Board of Directors at a Board Meeting held on 16th April 1996.

H.P.J. Meakin Director
N.F. Worgan Director

Company Balance Sheet

At 31st December

	Note	1995 £'000	1994 £'000
Fixed assets			
Tangible assets	12	**298**	254
Investments	13	**33,648**	31,505
		33,946	31,759
Current assets			
Debtors	15	**13,669**	8,602
Cash at bank		**11**	12
		13,680	8,614
Creditors:			
Amounts falling due within one year	17	**(17,422)**	(12,286)
Net current liabilities		**(3,742)**	(3,672)
Total assets less current liabilities		**30,204**	28,087
Creditors:			
Amounts falling due after more than one year	18	**(10)**	(28)
Provisions for liabilities and charges			
Deferred tax	20	**142**	112
Net assets		**30,336**	28,171
Capital and reserves			
Called up share capital	22	**748**	699
Share premium account	23	**4,646**	4,007
Merger reserve	24	**23,705**	22,412
Profit and loss account	25	**1,237**	1,053
Shareholders' funds - equity	26	**30,336**	28,171

These financial statements were approved by the Board of Directors at a Board Meeting held on 16th April 1996.

H.P.J. Meakin Director
N.F. Worgan Director

Cash Flow Statement

For the year ended 31st December

	Note	1995 £'000	1994 £'000
Net cash inflow from operating activities	29	5,313	6,814
Returns on investments and servicing of finance			
Interest received		49	29
Bank and loan interest paid		(229)	(294)
Interest element of finance liabilities		(295)	(96)
Dividends paid		(797)	(678)
Dividends paid to minority interests		(77)	(61)
Net cash outflow from returns on investment and servicing of finance		(1,349)	(1,100)
Taxation			
Taxation paid		(962)	(289)
Investing activities			
Purchase of intangible fixed assets		-	(112)
Purchase of tangible fixed assets		(7,371)	(3,199)
Purchase of subsidiary undertakings and minority interests	30	(632)	(216)
Sale of fixed assets		935	192
Net cash outflow from investing activities		(7,068)	(3,335)
Net cash (outflow)/inflow before financing activities		(4,066)	2,090
Financing			
Unsecured loan receipts	32	500	-
Unsecured loan repayments	32	-	(2,000)
Hire purchase facilities received	32	4,052	1,112
Repayments of amounts borrowed	32	(28)	(102)
Capital elements of finance liabilities	32	(1,140)	(699)
Issue of shares	32	60	71
Net cash inflow/(outflow) from financing		3,444	(1,618)
(Decrease)/increase in cash and cash equivalents	31	(622)	472

Accounting Policies

The principal accounting policies consistently applied in the preparation of the financial statements of the group are described below.

Basis of accounting
The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

Basis of consolidation
The consolidated financial statements deal with the state of affairs and results of the Company and all its subsidiary undertakings.

The results of subsidiary undertakings acquired or disposed of are included from or until the effective date of acquisition or disposal. Where merger relief, in accordance with the provisions of Section 131 of the Companies Act 1985 is applicable, a merger reserve is created and utilised to write off goodwill. In other instances goodwill is written off against retained profits.

The Company has taken advantage of Section 230(3) of the Companies Act 1985 and has not presented a profit and loss account dealing with its own results.

Turnover
Turnover represents sales to third parties net of returns and allowances and excludes value added tax.

Depreciation
Depreciation is provided to write off the cost of fixed assets to their estimated residual value on a straight line basis in equal annual instalments over their useful lives as follows:

Short leasehold property - life of lease
Plant and equipment - 4 to 10 years
Motor vehicles - 4 years

Freehold properties are not depreciated as they are considered to have an estimated useful life in excess of 50 years. It is group policy to maintain all buildings in good condition and any depreciation involved would not be material. Costs of repairs and maintenance which prolong the useful life of the properties, are charged against revenue in the year in which they are incurred.

Finance leases and hire purchase agreements
Assets acquired under finance leases and hire purchase agreements are capitalised and depreciated in accordance with group policy. The corresponding finance liability is included within outstanding finance liabilities with the relevant interest proportion being charged to the profit and loss account.

Intangible Fixed Assets
Acquired publishing rights and titles are capitalised and classified within the balance sheet as intangible assets and recorded at cost. Their value is reviewed annually by the directors and provision is made, where appropriate, for any permanent diminution in value.

Stocks
Stocks and work in progress are valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, costs include all production overheads and an attributable proportion of indirect overhead expenses.

Deferred expenditure
Expenditure incurred in respect of the direct marketing of insurance is carried forward and written off against income arising from that business. The expenditure is written off based on the number of policies and the level of renewals.

Foreign exchange transactions
Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

For consolidation purposes the assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the exchange rate at the balance sheet date and at average rates of exchange for the year respectively. Exchange differences arising on these translations are taken to reserves.

Taxation
Taxation charges are computed at the rates applicable to the financial year and take into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

Pension costs
The group operates defined contribution and defined benefit pension schemes.

The assets of the schemes are held separately from those of the group in independently administered funds. The amounts charged against profit for the defined contribution scheme represent the contributions payable to the scheme in respect of the accounting period. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread costs of pensions over the employees' working lives with the group.

Notes to the Financial Statements

1. Analysis of turnover and profit

Divisional analysis	Turnover		Profit		Net assets	
	1995	1994	**1995**	1994	**1995**	1994
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Specialist Printing	**32,228**	26,005	**1,893**	1,328	**9,006**	8,048
Media & Communications	**27,696**	24,879	**1,289**	839	**3,701**	3,278
Marketing Services	**20,142**	19,026	**1,248**	761	**3,703**	2,998
Management company	**-**	-	**(250)**	(237)		
Turnover	**80,066**	69,910				
Operating profit			**4,180**	2,691		
Profit on disposal of fixed assets			**255**	165		
Costs of closure of terminated activities			**(221)**	-		
Net interest payable			**(475)**	(354)		
Profit before taxation			**3,739**	2,502		
Divisional net assets					**16,410**	14,324
Less: Unallocated net debt					**(2,729)**	(1,743)
Net assets					**13,681**	12,581

Geographical analysis	Turnover		Profit		Net assets	
	1995	1994	**1995**	1994	**1995**	1994
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
UK	**74,505**	65,256	**3,927**	2,799	**15,975**	13,657
Europe	**4,294**	3,755	**178**	139	**558**	792
USA and Canada	**1,267**	899	**75**	(247)	**(123)**	(125)
	80,066	69,910	**4,180**	2,691	**16,410**	14,324

The above table shows turnover and operating profit analysed by the destination to which products and services are supplied.

Geographical source of turnover	Total by source		Inter-divisional		Turnover	
	1995	1994	**1995**	1994	**1995**	1994
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
UK	**79,687**	69,662	**2,392**	2,416	**77,295**	67,246
Europe	**1,691**	1,783	**-**	-	**1,691**	1,783
USA and Canada	**1,080**	881	**-**	-	**1,080**	881
	82,458	72,326	**2,392**	2,416	**80,066**	69,910

Notes to the Financial Statements

2. Cost of sales and operating expenses

	1995 £'000	1994 £'000
Cost of sales	54,413	47,475
Operating expenses	21,473	19,744

In the 1994 financial statements, operating expenses included a charge of £390,000 relating to depreciation on the tangible fixed assets of subsidiary undertakings involved in television services activities. The charge for 1995, amounting to £514,000, has been included in cost of sales and the comparative figures above have been restated to reflect this change in disclosure.

3. Interest payable less receivable

	1995 £'000	1994 £'000
Payable:		
on bank loans, overdraft and other loans repayable within five years	229	287
on finance liabilities	295	96
	524	383
Receivable	(49)	(29)
	475	354

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging or (crediting) the following:

	1995 £'000	1994 £'000
Depreciation	2,436	2,224
Profit on sale of tangible fixed assets	(255)	(165)
Auditors remuneration:		
Audit	79	76
Other services	62	65
Hire of plant and machinery	33	38

Notes to the Financial Statements

5. Staff numbers and costs

The average number of persons employed by the Group, including directors, during the year was as follows:

	1995 No.	1994 No.
Management and administration	298	262
Production and sales staff	1,274	1,155
	1,572	1,417

The aggregate payroll costs of these persons were as follows:

	1995 £'000	1994 £'000
Wages and salaries	23,819	21,249
Social security costs	2,189	1,991
Pensions and other costs	435	464
	26,443	23,704

As explained in the accounting policies set out on page 24 the Group operates both a defined contribution and a defined benefit pension scheme.

The schemes' funds are administrated by trustees and are independent of the Group's finances. As at 1st July 1992 the directors were advised by the scheme's actuaries that the defined benefit scheme was adequately funded.

Contributions are paid to the schemes in accordance with the recommendations of independent actuaries. Current funding rates for the Group are 7% for the defined benefit scheme and 5% for the defined contribution scheme.

6. Directors' remuneration

The amount of directors' remuneration payable during the year was as follows:

	1995 £'000	1994 £'000
Fees	23	10
Salary	445	381
Other emoluments	43	26
Pension contributions	35	56
Performance related incentive payments	119	19
	665	492

The executive directors are paid basic salaries and can also earn an incentive payment based on achievement of profit targets.

The emoluments of the Chairman and the highest paid director were as follows:

	1995 £'000	1994 £'000
Chairman		
Salary	105	70
Car and other benefits	10	7
Performance related incentive	45	10
Pension contributions	15	36
Salary arrears in respect of earlier years	10	-
Amounts contributed by GWR Group PLC and Classic FM PLC	(70)	(46)
	115	77

Notes to the Financial Statements

6. Directors' remuneration (continued)

	1995 £'000	1994 £'000
Highest paid director		
Salary	105	85
Car and other benefits	12	5
Performance related incentive	53	15
Pension contributions	10	6
Salary arrears in respect of earlier years	16	10
	196	121

Directors' emoluments, excluding pension contributions and including the Chairman and the highest paid director were within the following ranges:

	1995 No.	1994 No.
£Nil - £5,000	-	1
£10,001 - £15,000	2	1
£25,001 - £30,000	1	-
£40,001 - £45,000	1	1
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-
£80,001 - £85,000	-	1
£95,001 - £100,000	1	1
£100,001 - £105,000	1	-
£110,001 - £115,000	-	1
£185,001 - £190,000	1	-
	8	7

7. Taxation

The Group provision for taxation, based on profits for the year, comprises:

	1995 £'000	1994 £'000
Corporation tax at 33%	1,046	796
Overseas taxation	116	42
Deferred taxation	150	40
	1,312	878

8. Profit for the financial year

	1995 £'000	1994 £'000
Dealt with in the financial statements of the company	1,102	237
Retained by subsidiaries	1,380	1,334
	2,482	1,571

Notes to the Financial Statements

9. Dividends

	1995 £'000	1994 £'000
Interim ordinary dividend paid during the year (2.5p per share)	350	301
Proposed final ordinary dividend at 31st December 1995 (3.75p per share)	568	447
	918	748

10. Earnings per share

Earnings per share are calculated on the profit on ordinary activities after taxation and minority interests on 14,163,724 5p ordinary shares, being the weighted average number of shares in issue throughout 1995 (1994: 13,621,034). Fully diluted earnings per share are not materially different from earnings per share as disclosed.

11. Intangible fixed assets

Intangible assets comprise publishing rights and titles.

	£'000
At 1st January 1995 and 31st December 1995	844

12. Tangible fixed assets

The Group	Freehold £'000	Properties Leasehold £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1st January 1995	1,541	2,666	18,387	1,663	24,257
Additions	3	536	6,329	503	7,371
Acquisition of subsidiary undertaking	-	73	1,077	67	1,217
Disposals	(344)	(53)	(737)	(359)	(1,493)
Currency	-	8	24	-	32
At 31st December 1995	**1,200**	**3,230**	**25,080**	**1,874**	**31,384**
Depreciation					
At 1st January 1995	-	868	11,402	848	13,118
Charge for the year	-	280	1,817	339	2,436
Acquisition of subsidiary undertaking	-	3	369	25	397
Released on disposal	-	(28)	(633)	(248)	(909)
Currency	-	6	14	-	20
At 31st December 1995	-	**1,129**	**12,969**	**964**	**15,062**
Net book value 1995	**1,200**	**2,101**	**12,111**	**910**	**16,322**
Net book value 1994	1,541	1,798	6,985	815	11,139

The net book value of plant and equipment at 31st December 1995 includes £5,859,000 (1994:£2,161,000) in respect of assets held under finance leases and hire purchase agreements. The depreciation thereon was £569,000 (1994:£319,000).

Notes to the Financial Statements

12. Tangible fixed assets (continued)

The Company	Freehold £'000	Properties Leasehold £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1st January 1995	117	68	368	177	730
Additions	-	-	9	88	97
Disposals	-	-	-	(38)	(38)
Intercompany transfer	-	-	-	21	21
At 31st December 1995	**117**	**68**	**377**	**248**	**810**
Depreciation					
At 1st January 1995	-	48	311	117	476
Charge for the year	-	8	21	22	51
Released on disposal	-	-	-	(19)	(19)
Intercompany transfer	-	-	-	4	4
At 31st December 1995	-	**56**	**332**	**124**	**512**
Net book value 1995	**117**	**12**	**45**	**124**	**298**
Net book value 1994	117	20	57	60	254

Future capital expenditure

Amounts not provided for in the financial statements

	1995 £'000	1994 £'000
Authorised and committed	**700**	2,907
Authorised but not committed	-	766
	700	3,673

Notes to the Financial Statements

13. Investments

	Company 1995 £'000	Company 1994 £'000
Cost of subsidiary undertakings	33,648	31,505

The Company's principal trading subsidiary undertakings are as follows. The country of registration or incorporation is England and Wales unless otherwise stated.

Name of company	Country of registration (or incorporation) and operation	Proportion of shareholding %
Aspen Business Communications PLC		100
Spafax Airline Network Limited		100
London Post Limited		100
Crystal Film & Video Limited		86
GP Film Services Limited		80
Aspen Specialist Media PLC		100
Cleartone Telecoms PLC		100
Pensord Press Limited		100
Aspen Preprint Limited		100
Heanor Gate Printing Limited		100
Aspen Field Marketing Limited		100
Aspen Direct Limited		100
Aspen Insurance Services PLC		100
Aspen Veenhuizen Direct BV	Netherlands	89

14. Stocks

	1995 £'000	1994 £'000
Raw materials and consumables	1,659	1,277
Work in progress	2,364	2,139
Finished goods	2,035	1,784
	6,058	5,200

Notes to the Financial Statements

15. Debtors

	Group		Company	
	1995	1994	**1995**	1994
	£'000	£'000	**£'000**	£'000
Due within one year:				
Trade debtors	**17,291**	13,638	**-**	-
Amounts owed by subsidiary undertakings	**-**	-	**13,172**	7,938
Other debtors	**2,630**	3,327	**178**	374
Prepayments and accrued income	**2,070**	1,571	**319**	290
	21,991	18,536	**13,669**	8,602
Due after more than one year:				
Other debtors	**3,040**	1,431	**-**	-
Total debtors	**25,031**	19,967	**13,669**	8,602

16. Cash at bank

Cash at bank includes £932,000 relating to an insurance broking account maintained by one of the Company's subsidiary undertakings.

17. Creditors: amounts falling due within one year

	Group		Company	
	1995	1994	**1995**	1994
	£'000	£'000	**£'000**	£'000
Bank overdrafts	**-**	-	**1,530**	2,674
Unsecured bank loans	**1,500**	1,000	**1,500**	1,000
Trade creditors	**18,884**	15,785	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**12,654**	7,371
Corporation tax	**1,320**	1,167	**(110)**	3
Other taxes and social security	**2,234**	2,038	**15**	(2)
Accruals	**6,022**	3,894	**1,212**	771
Finance liabilities	**1,601**	797	**53**	22
Proposed dividend	**568**	447	**568**	447
	32,129	25,128	**17,422**	12,286

Notes to the Financial Statements

18. Creditors: amounts falling due after more than one year

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Other loans	41	69	-	-
Finance liabilities	3,331	969	10	28
	3,372	1,038	10	28
Analysis of loan repayments:				
Other loans				
Between one and two years	41	69	-	-
Between two and five years	-	-	-	-
	41	69	-	-
Finance liabilities				
Between one and two years	1,251	735	10	22
Between two and five years	2,080	234	-	6
	3,331	969	10	28

19. Deferred income

Movements during the year on regional development grants were:

	£'000
At 1st January 1995	100
Released to profit and loss account	(43)
At 31st December 1995	57

Notes to the Financial Statements

20. Deferred taxation

Movements during the year were:

	Group £'000	Company £'000
At 1st January 1995	631	(112)
Charged to profit and loss account	150	-
Advance corporation tax recoverable	(30)	(30)
Arising on acquisition of subsidiary undertaking	77	-
At 31st December 1995	**828**	**(142)**

The amounts provided for deferred taxation calculated under the liability method at 33% (1994:33%) are as follows:

	Group		Company	
	1995 £'000	1994 £'000	**1995 £'000**	1994 £'000
Capital allowances and other timing differences	**970**	743	-	-
Advance corporation tax	**(142)**	(112)	(142)	(112)
	828	631	(142)	(112)

The above represents the provision for deferred taxation to the extent that it is probable that an actual liability will crystallise. The following amount of deferred taxation has not been provided as the directors do not consider that the liability will arise in the foreseeable future:

	Group		Company	
	1995 £'000	1994 £'000	**1995 £'000**	1994 £'000
Capital allowances and other timing differences	**337**	86	**-**	-
Roll over relief on disposal of properties	**163**	145	**163**	145
	500	231	**163**	145

21. Minority interest

Movements during the year were:

	£'000
At 1st January 1995	230
Minority share in profits for the financial year	(55)
Dividends paid	(77)
Minority share of net assets of subsidiary undertaking acquired during the year	88
Minority interest purchased during the year	(62)
At 31st December 1995	**124**

Minority interests relate solely to interests in the equity of subsidiary undertakings.

Notes to the Financial Statements

22. Called up share capital

Authorised	**1995**	1994
	£'000	£'000
20,000,000 ordinary shares of 5p each	**1,000**	1,000

Issued		
Allotted, called up and fully paid 14,969,341 (1994: 13,977,930) ordinary shares of 5p each	**748**	699

Movements in share capital during the year were:		No. shares
	£'000	000
At 1st January 1995	699	13,978
Shares issued on acquisition of subsidiary undertaking	15	304
Shares issued on acquisition of minority interest	31	633
Share options exercised	3	54
At 31st December 1995	**748**	**14,969**

Under the terms of the Executive and Staff Share Option Schemes, options to subscribe for the Company's shares have been granted to employees, including directors, as shown below. The options are exercisable not earlier than three years nor later than ten years from the date of grant. The total options issued under the schemes and outstanding at 31st December 1995 were as follows:

Year of grant	**No. of shares outstanding**	**Option price**	**Exercise period**
1987	11,250	358p	1990 - 1997
1988	4,250	436p - 514p	1991 - 1998
1989	17,250	375p - 488p	1992 - 1999
1990	237,300	168p	1993 - 2000
1991	346,650	85p - 100p	1994 - 2001
1992	49,750	114p	1995 - 2002
1994	35,000	145p - 170p	1997 - 2004
1995	132,000	220p - 245p	1998 - 2005

23. Share premium account

Movements in share premium during the year were:	**£'000**
At 1st January 1995	4,007
Arising on shares issued in the year (net of expenses)	639
At 31st December 1995	**4,646**

Notes to the Financial Statements

24. Merger reserve

	Group £'000	Company £'000
At 1st January 1995	-	22,412
Premium on shares issued	1,293	1,293
Goodwill arising on acquisitions (Note 28)	(1,293)	-
At 31st December 1995	-	**23,705**

Merger relief has been applied during the year on the acquisition of the remaining minority interest in Spafax Airline Network Limited.

25. Profit and loss account

	Group £'000	Company £'000
At 1st January 1995	7,875	1,053
Retained profit for the year	1,564	184
Goodwill written off	(1,125)	-
Currency adjustment	(27)	-
At 31st December 1995	**8,287**	**1,237**

The cumulative amount of goodwill resulting from acquisitions in the current and earlier financial years which has been written off is £28,004,000 (1994:£25,586,000). Of this amount £23,705,000 has been written off against merger reserve.

26. Reconciliation of movements in shareholders' funds

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Profit for the financial year	**2,482**	1,571	**1,102**	237
Dividends	**(918)**	(748)	**(918)**	(748)
	1,564	823	**184**	(511)
Currency adjustment	**(27)**	2	-	-
Goodwill written off during the year	**(1,125)**	(115)	-	-
Premium on shares issued taken to merger reserve	**1,293**	-	**1,293**	-
Goodwill arising written off against merger reserve	**(1,293)**	-	-	-
Shares issued	**688**	621	**688**	621
	1,100	1,331	**2,165**	110
Shareholders' funds at 1st January	**12,581**	11,250	**28,171**	28,061
Shareholders' funds at 31st December	**13,681**	12,581	**30,336**	28,171

Notes to the Financial Statements

27. Operating lease commitments

At 31st December 1995 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings £'000	Other £'000
Operating leases which expire:		
Within one year	142	379
In the second to fifth years inclusive	399	263
Over five years	934	9

The majority of leases of land and buildings are subject to periodic rent reviews every four or five years.

28. Purchase of subsidiary undertaking and minority interest

Details of the net assets of GP Film Services Limited, 80% of which was acquired during the year, are as follows:

	£'000
Tangible fixed assets	820
Stock	33
Debtors	276
Cash	1
Creditors	(557)
Hire purchase facilities	(254)
Net assets	319
Minority interest	(88)
Net assets acquired	231
Consideration, including costs	
Cash	39
Shares issued	640
Total consideration	679
Goodwill arising on acquisition	448
Purchase of minority interest:	
Cash consideration	403
Shares issued	1,325
Less: Goodwill arising written off against merger reserve	(1,293)
Less: Minority interest acquired	(62)
Goodwill arising on purchase of minority interest	373
Other costs incurred during the year	304
Total goodwill written off	**1,125**

GP Film Services Limited contributed profit before taxation of £40,000 in the post acquisition period ended 31st December 1995 and generated profits before taxation of £191,000 in the fourteen month period ended 31st December 1995.

Notes to the Financial Statements

29. Net cash inflow from operating activities

The reconciliation of operating profit to net cash inflow from operating activities of the Group may be summarised as follows:

	1995 £'000	1994 £'000
Operating profit before interest	4,180	2,691
Depreciation	2,436	2,224
Profit on sale of tangible fixed assets	(96)	(71)
Costs of closure of terminated activities	(221)	-
Release of regional development grants	(43)	(50)
Currency adjustment	(39)	27
(Increase) in stocks	(825)	(602)
(Increase) in debtors	(4,945)	(1,791)
Increase in creditors	4,866	4,386
Net cash inflow from operating activities	5,313	6,814

30. Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertaking and minority interest

	£'000
Cash consideration	39
Cash acquired	1
Net outflow of cash arising from acquisition	38
Cash consideration relating to purchase of minority interest	403
Other costs paid	147
Costs arising on issue of shares to purchase subsidiary and minority, netted against share premium account	44
Net outflow of cash	632

31. Analysis of changes in cash and cash equivalents

	£'000
Cash balance	
As at 1st January 1994	2,086
Net cash inflow	472
Balance at 1st January 1995	2,558
Net cash outflow	(622)
Balance at 31st December 1995	1,936

Notes to the Financial Statements

32. Analysis of changes in financing

	Share capital including premium £'000	Loans and finance liabilities £'000
As at 1st January 1994	4,085	4,484
Issue of shares for cash (net of expenses)	71	
Issue of shares on acquisition of subsidiary undertaking	550	
Unsecured loan repayment		(2,000)
Repayment of amounts borrowed		(102)
Hire purchase facilities received on acquisition		40
Hire purchase facilities received		1,112
Capital elements of finance liabilities		(699)
Balance at 31st December 1994	4,706	2,835
Issue of shares for cash (net of expenses)	60	
Issue of shares on acquisition of subsidiary undertaking and minority interest	628	
Unsecured loan receipt		500
Repayment of amounts borrowed		(28)
Hire purchase facilities received on acquisition		254
Hire purchase facilities received		4,052
Capital elements of finance liabilities		(1,140)
Balance at 31st December 1995	**5,394**	**6,473**

Notes to the Financial Statements

33. Contingent liabilities

(a) The Company has guaranteed a letter of credit and loan facility available to a subsidiary undertaking, the amount outstanding under which at 31st December 1995 was £1,387,000 (1994: £3,263,172).

(b) Additional consideration may be due to the vendor of Aspen Veenhuizen Direct BV, a company acquired in 1992. The maximum payment that may be made is £440,000. The vendor who left the company at the beginning of 1993, is claiming payment of the maximum sum. The directors do not believe that the maximum sum is payable and intend to defend the claim vigorously.

(c) Additional consideration may be due to the vendors of Aspen Litharne Publishing Limited, a company acquired in 1994. Any such additional payments are based upon the trading results of the company in each of the years ending 31st July 1995 and 31st July 1996 respectively and cannot exceed £1.3 million in aggregate.

(d) Additional consideration may also be due to the vendors of the minority shareholding in Spafax Airline Network Limited which was acquired during the year. The maximum additional consideration which may become payable is £1,800,000 based on profits earned by the company in the year ended 31st December 1995 and the year ending 31st December 1996 and assuming that an option is exercised by the vendors to extend the earn-out period to include the year ending 31st December 1997.

34. Post balance sheet events

On 17th February 1996 the premises and plant of Pensord Press Limited were substantially damaged by fire. The company is fully covered by insurance for material damage and for business interruption for a period of twelve months. However, the impact of the insurance claim on the profits and assets of the company cannot yet be established.
On 15th March 1996 the company acquired 70% of the issued share capital of http://www. Limited, a supplier of internet services, for a sum of £450,000 satisfied by the issue of 166,482 ordinary shares of 5p each.

Statement of Directors' Responsibilities and Report of the Auditors

Statement of directors' responsiblities

Company law requires the Board of directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Board 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the Companies Act 1985. The Board has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Report of the auditors to the members of Aspen Communications PLC

We have audited the financial statements on pages 20 to 40.

Respective responsibilities of directors and auditors

As described above the Company's directors are responsible for the preparation of the 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 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 affairs of the company and the Group at 31st December 1995 and of the profit of the Group for the year then ended, and have been prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors
Welsh Street Chambers
Chepstow
Gwent
NP6 5LN

16th April 1996

Financial Record

	1991 £'000	1992 £'000	1993 £'000	1994 £'000	**1995 £'000**
Trading results					
Turnover	55,628	60,261	64,215	69,910	**80,066**
Operating profit before exceptional items	2,583	2,876	1,630	2,691	**4,180**
Exceptional items	(440)	(510)	(1,123)	165	**34**
Operating profit after exceptional items	2,143	2,366	507	2,856	**4,214**
Net interest payable	(440)	(539)	(350)	(354)	**(475)**
Profit on ordinary activities before taxation	1,703	1,827	157	2,502	**3,739**
Taxation	(600)	(640)	(511)	(878)	**(1,312)**
Profit/(loss) on ordinary activities after taxation	1,103	1,187	(354)	1,624	**2,427**
Minority interests	(62)	(76)	(2)	(53)	**55**
Profit/(loss) for the financial year	1,041	1,111	(356)	1,571	**2,482**
Dividends	(635)	(635)	(666)	(748)	**(918)**
Profit/(loss) retained for the year	406	476	(1,022)	823	**1,564**
Capital employed					
Fixed assets	11,534	11,276	10,373	11,983	**17,166**
Net current assets	936	2,624	3,712	2,597	**896**
Other liabilities	(2,077)	(3,398)	(2,835)	(1,999)	**(4,381)**
Shareholders' funds	10,393	10,502	11,250	12,581	**13,681**
Statistics					
Earnings per share (p)	8.0	8.6	(2.6)	11.5	**17.5**
Dividends per share (p)	4.9	4.9	4.9	5.35	**6.25**

The financial record for 1991 and 1992 has been restated to comply with the requirements of FRS 3.

Notice of Annual General Meeting

Notice is hereby given that the 1996 Annual General Meeting will be held at the offices of NatWest Wood Mackenzie & Co. Limited, 135 Bishopsgate, London EC2M 3XT on Wednesday 29th May 1996 at 10.30 am to transact the following business:-

Ordinary Business

1. To receive and adopt the directors' report and audited financial statements for the year ended 31st December 1995.

2. To declare a final dividend.

3. To re-elect as a director of the Company Mr N F Worgan who is retiring by rotation.

4. To re-elect as a director of the Company Mr M A Rogers who is seeking re-election having been appointed by the Directors during the year.

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

'That KPMG Audit Plc be and are hereby appointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company at a remuneration to be fixed by the directors.'

Special Business

To consider as special business and, if thought fit, to pass the following resolutions each of which will be proposed as a special resolution:-

6. That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of its own ordinary shares on a recognised investment exchange of up to an aggregate of 1,496,900 ordinary shares of 5p each at a price per ordinary share which is (i) not more than 105 per cent of the average of the middle market quotations in respect of the Company's ordinary shares for the ten business days immediately preceding the day of purchase and (ii) not less than 5p (exclusive in each case of expenses and advance corporation tax (if any) payable by the Company) and otherwise on such terms and in such manner as the directors may from time to time determine provided that this resolution shall unless previously varied, revoked or renewed expire on 29th August 1997 except in relation to a purchase of shares the contract for which shall have been made before that time and this authority shall replace the authority conferred by the special resolution to the like effect passed on 1st June 1995 the latter being hereby revoked.

7. That the directors be and are hereby generally and unconditionally authorised to exercise all the 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 £250,000 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the Company in 1997, 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 directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8. That subject to the passing of the previous resolution, the directors be and are hereby generally authorised and empowered pursuant to Section 95 of the Companies Act 1985 (including any modification or re-enactment thereof for the time being in force) during the period expiring at the conclusion of the Annual General Meeting of the Company in 1997 to allot equity securities (as defined in Section 94 of the said Act) pursuant to the authority conferred on them from time to time as if sub-section (1) of Section 89 of the said Act did not apply thereto, and to make any offer or agreement during such period which would or might require such securities to be allotted after the expiry of such period and to implement the same provided that this power shall be limited to the allotment of equity securities:-

(a) pursuant to a rights issue made in accordance with Sections 89 and 90 of the said Act save only that the Directors shall have the right:-

(i) to make such exclusions or other arrangements as they deem necessary or expedient to deal with any problems which may arise in relation to such rights issue under the laws of any territory or the requirements of any regulatory body or stock exchange authority in any territory;

(ii) to offer equity securities to persons holding equity securities other than ordinary shares on the basis of their rights to receive such offer; and

(iii) to aggregate and sell for the benefit of the Company equity securities representing fractional entitlements which may arise pursuant to the rights issue;

(b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £37,500.

9. That the regulations contained in the document submitted to the meeting and for the purpose of identification signed by the Chairman of the meeting be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of the Company.

10. That the Aspen Communications PLC 1996 Executive Share Option Scheme, the main features of which are summarised in the accompanying letter from the Chairman, in the form of the rules produced in draft to the meeting and signed by the Chairman for the purposes of identification, be and the same are hereby approved and the directors be and they are hereby authorised to do all acts and things as may be necessary to carry the same into effect.

11. That:

(i) Rules 6.1(b), 6.1(c) and 6.1(d) of the Aspen Communications PLC 1995 Executive Share Option Scheme be and they are hereby deleted; and

(ii) Rule 4(b) of the Aspen Communications PLC Staff Share Option Scheme be and it is hereby deleted and that the following be substituted in its place:-

'The maximum number of shares which may be placed under option for subscription under this Scheme, when added to the number of shares placed under option for subscription, or issued otherwise than in pursuance of options in the preceding ten years under any other employees' share scheme adopted by the Company or any other company when it is under the Company's control, shall not exceed ten per cent (10%) of the Company's issued ordinary share capital for the time being.'

and that the directors be and they are hereby authorised to make all incidental amendments to the said rules and to do all acts and things as may be necessary to carry the same into effect.

By Order of the Board
M A Rogers, Secretary
16th April 1996

Notes

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company and the appointment of a proxy will not preclude a member from attending and voting at the meeting. A form of proxy is enclosed for this purpose.

2. The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed (or a duly certified copy of such power or authority) must be lodged with the Company's Registrars not later than 48 hours before the time for holding the meeting.

3. The register of directors' shareholdings and a copy of all service contracts with directors of the Company will be available for inspection at the registered office of the Company during normal business hours until the date of the meeting and also at the place of the meeting for at least 15 minutes prior to and during the meeting.

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Printed in England by
Heanor Gate Printing

An ASPEN company
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M6K 3EI
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Tel: 010 1 416 538 0152
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Cleartone Telecoms
Clarence House
Clarence Place
Newport
Gwent NP9 7AA
Tel: 0633 246866
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Marketing Services

Aspen Field Marketing
Malvern House
Bell Street
Maidenhead
Berkshire SL6 1BR
Tel: 0628 788300
Fax 0628 777302

Aspen Direct
Datascope Marketing
28-32 Shelton Street
Covent Garden
London WC2H 9HP
Tel: 071 836 0055
Fax: 071 379 5076

Aspen-Veenhuizen Direct
Gebouw Byzantium
Stadhouderskade 14C
1054 ES Amsterdam
The Netherlands
Tel: 010 31 20 683 5301
Fax 010 31 20 685 3871

Marketing Direction
Balfour House
Churchfield Road
Walton-on-Thames
Surrey KT12 2TD
Tel: 0932 254474
Fax: 0932 254996

Aspen Insurance Brokers
37 Commercial Road
Poole
Dorset BH14 0HU
Tel: 0202 715216
Fax: 0202 715384

Notice of Annual General Meeting

Notice is hereby given that the 1994 Annual General Meeting will be held at the offices of NatWest Wood Mackenzie & Co. Limited, 135 Bishopsgate, London EC2M 3XT on Friday 27th May at 10.30 am to transact the following business:

1. To receive and adopt the directors' report and audited financial statements for the year ended 31st December 1993.

2. To declare a final dividend.

3. To re-elect as a director of the Company Mr E. A. R. Balding who is retiring by rotation.

4. To re-elect as a director of the Company Mr I. Vinall who is seeking re-election having been appointed by the Directors during the year.

5. To re-elect as a director of the Company Mr J. Salmon who is seeking re-election having been appointed by the Directors during the year.

6. To re-appoint KPMG Peat Marwick as auditors of the Company and to authorise the directors to fix their remuneration.

7. To consider as special business and, if thought fit, to pass the following resolutions each of which will be proposed as a special resolution:-

(A) That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of its own ordinary shares on a recognised investment exchange of up to an aggregate of 1,358,700 ordinary shares of 5p each at a price per ordinary share which is (i) not more than 105 per cent of the average of the middle market quotations in respect of the Company's ordinary shares for the ten business days immediately preceding the day of purchase and (ii) not less than 5p (exclusive in each case of expenses and advance corporation tax (if any) payable by the Company) and otherwise on such terms and in such manner as the directors may from time to time determine provided that this resolution shall unless previously varied, revoked or renewed expire on 26th August 1995 except in relation to a purchase of shares the contract for which shall have been made before that time and this authority shall replace the authority conferred by the special resolution to the like effect passed on 27th May 1993, the latter being hereby revoked.

(B) That the directors be and are hereby generally authorised and empowered pursuant to Section 95 of the Companies Act 1985 (including any modification or re-enactment thereof for the time being in force) during the period expiring at the conclusion of the Annual General Meeting of the Company in 1995 to allot equity securities (as defined in Section 94 of the said Act) pursuant to the authority conferred on them from time to time as if sub-section (1) of Section 89 of the said Act did not apply thereto, and to make any offer or agreement during such period which would or might require such securities to be allotted after the expiry of such period and to implement the same provided that this power shall be limited to the allotment of equity securities:

(a) pursuant to a rights issue made in accordance with Sections 89 and 90 of the said Act save only that the directors shall have the right:-

(i) to make such exclusions or other arrangements as they deem necessary or expedient to deal with any problems which may arise in relation to such rights issue under the laws of any territory or the requirements of any regulatory body or Stock Exchange in any territory;

(ii) to offer equity securities to persons holding equity securities other than ordinary shares on the basis of their rights to receive such offer; and

(iii) to aggregate and sell for the benefit of the Company equity securities representing fractional entitlements which may arise pursuant to the rights issue;

(b) otherwise than pursuant to sub paragraph (a) above up to an aggregate nominal amount equal to 5 per cent of the nominal amount at the relevant time of the Company's issued share capital.

By Order of the Board
A.J. McRae, Secretary
23rd March 1994

Notes

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company and the appointment of a proxy will not preclude a member from attending and voting at the meeting. A form of proxy is enclosed for this purpose.

2. The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority must be lodged with the Company's Registrars not later than 48 hours before the time for holding the meeting.

3. The register of directors' shareholdings and a copy of all service contracts with directors of the Company will be available for inspection at the registered office of the Company during normal business hours until the date of the meeting and also at the place of the meeting for at least 15 minutes prior to and during the meeting.

Registered Office: Aspen House, Thomas Street, Cirencester, Gloucestershire GL7 2AX

Financial Record

	1989 £000	1990 £000	1991 £000	1992 £000	**1993 £000**
Trading results					
Turnover	58,715	62,761	55,628	60,261	**64,215**
Operating profit before exceptional items	6,170	4,865	2,583	2,876	**1,630**
Exceptional items	–	378	440	510	**600**
Operating profit	6,170	4,487	2,143	2,366	**1,030**
Net interest payable	165	383	440	539	**350**
Restructuring and closure costs	977	1,003	–	–	**523**
Profit on ordinary activities before taxation	5,028	3,101	1,703	1,827	**157**
Taxation	1,699	1,021	600	640	**511**
Profit/(Loss) on ordinary activities after taxation	3,329	2,080	1,103	1,187	**(354)**
Minority interests	60	32	62	76	**2**
Profit/(Loss) on ordinary activities after taxation and minority interests	3,269	2,048	1,041	1,111	**(356)**
Dividends	987	1,048	635	635	**666**
Retained Profit/(Loss)	2,282	1,000	406	476	**(1,022)**
Capital employed					
Fixed assets	11,601	11,837	11,534	11,276	**10,373**
Net current assets	3,681	1,060	936	2,624	**3,712**
Other liabilities	(2,614)	(1,704)	(2,077)	(3,398)	**(2,835)**
Shareholders' funds	12,668	11,193	10,393	10,502	**11,250**
Statistics					
Earnings/(Loss) per share (p)	27.4	16.0	8.0	8.6	**(2.6)**
Dividends per share (p)	7.8	8.1	4.9	4.9	**4.9**

The financial record has been restated to comply with the requirements of FRS 3 'Reporting Financial Performance'.

Report of the Auditors
to the members of Aspen Communications PLC

We have audited the financial statements on pages 18 to 29

Respective responsibilities of directors and auditors
As described on page 16 the company's directors are responsible for the preparation of the 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 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 affairs of the company and the group at 31st December 1993 and the loss of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick
Chartered Accountants
Registered Auditors
Welsh Street Chambers
Chepstow
Gwent
NP6 5LN

23rd March 1994

Financial Calendar

Annual General Meeting	**27th May 1994**
Dividend record date	**20th May 1994**
Final dividend payment	**17th June 1994**
Interim results announced	**September 1994**
Interim dividend payment	**October 1994**
Preliminary announcement of final 1994 results	**March 1995**
1994 report and financial statements despatched to shareholders	**May 1995**

26. Contingent liabilities

(a) The Company has guaranteed a letter of credit and loan facility available to a subsidiary undertaking. The amount outstanding at 31st December 1993 was £362,689 (1992: £9,000).

(b) Additional consideration may be due to the vendor of Veenhuizen Reclame BV, a company acquired in 1992. The maximum payment that may be made is £440,000.

The vendor, who left the company at the beginning of 1993, is claiming payment of the maximum sum. The directors do not believe that the maximum sum is payable and intend to defend the claim vigorously.

27. Purchase of subsidiary undertaking

Details of the net assets of Broker Forms & Print Limited, 90% of which was acquired during the year are as follows:

	£000
Tangible fixed assets	62
Stock	19
Debtors	123
Cash	(13)
Creditors	(293)
Net liabilities	(102)
Minority interest	16
Net liabilities acquired	(86)
Consideration, including costs	94
Goodwill arising on acquisition	180
Other costs incurred during the year	422
Total goodwill written off	602

The company made losses before taxation of £7,000 in the period to 31st December 1993.

28. Net cash inflow from operating activities

The reconciliation of operating profit to net cash inflow from operating activities of the group may be summarised as follows:

	1993 £000	1992 £000
Operating profit, before interest	**1,000**	2,276
Depreciation	**2,364**	2,362
Profit on sale of tangible fixed assets	**(52)**	(18)
Release of regional development grants	**(55)**	(58)
Currency adjustment	**55**	208
(Increase)/Decrease in stocks	**(2,152)**	598
(Increase) in debtors	**(2,055)**	(1,157)
Increase in creditors	**4,052**	428
Net cash inflow from operating activities	**3,157**	4,639

29. Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertaking

	1993 £000
Cash consideration	**94**
Bank overdraft acquired	**(13)**
Net outflow of cash arising from acquisition	**107**
Other acquisition costs	**422**
Net outflow of cash	**529**

30. Analysis of changes in cash and cash equivalents

Cash balance	£000
As at 1st January 1992	1,003
Net cash inflow	407
Balance at 31st December 1992	1,410
Net cash inflow	676
Balance at 31st December 1993	**2,086**

31. Analysis of changes in financing

	Share capital including premium £000	Loans and finance liabilities £000
As at 1st January 1992	2,985	4,710
Repayment of amounts borrowed	–	(142)
Hire Purchase facilities received	–	427
Capital element of finance liabilities	–	(483)
Balance as at 31st December 1992	2,985	4,512
Issue of shares for cash (net of expenses)	1,100	–
Unsecured loan repayment	–	(500)
Repayment of amounts borrowed	–	(57)
Hire Purchase facilities received	–	932
Capital element of finance liabilities	–	(403)
Balance as at 31st December 1993	**4,085**	**4,484**

21. Deferred taxation

Movements during the year were:	Group £000	Company £000
At 1st January 1993	548	(94)
Charged to profit and loss account	61	-
Advance corporation tax recoverable	(21)	(21)
At 31st December 1993	**588**	**(115)**

The amounts provided for deferred taxation calculated under the liability method at 33% (1992:33%) are as follows:

	Group		Company	
	1993 £000	1992 £000	**1993 £000**	1992 £000
Capital allowances and other timing differences	**703**	648	**–**	6
Losses	**–**	(6)	**–**	(6)
Advance corporation tax	**(115)**	(94)	**(115)**	(94)
	588	548	**(115)**	(94)

The above represents a full provision for deferred taxation except that no provision has been made for the potential taxation liability of £145,000 (1992:£145,000) arising in the Company on roll over relief claimed on disposal of certain freehold properties as the directors consider that no liability will arise in the foreseeable future.

22. Minority interest

	£000
Movements during the year were:	
At 1st January 1993	108
Minority share in profits for the financial year	2
Dividends paid	(84)
Minority share of net assets of subsidiary undertaking acquired during the year	(16)
Investment by minority	228
At 31st December 1993	**238**

23. Called up share capital

Authorised	**1993 £000**	1992 £000
20,000,000 ordinary shares of 5p each	**1,000**	1,000

Issued

Allotted, called up and fully paid		
13,587,000 (1992: 12,940,527) ordinary shares of 5p each	**679**	646

On 14th January 1993 the Company issued 646,473 new ordinary shares of 5p each pursuant to a private placing with certain institutions at 173p per share, to raise approximately £1.1 million net of expenses. The premium of £1.067 million, net of expenses, has been credited to Share Premium Account.

23. Called up share capital *continued*

Under the terms of the Executive and Staff Share Option Schemes options to subscribe for the Company's shares have been granted to employees (including directors) as shown below. The options are excercisable not earlier than three years nor later than ten years from the date of grant.

Date of Grant	No. of Aspen Shares	Option Price
1987	36,500	316p - 358p
1988	25,250	436p - 514p
1989	32,050	375p - 488p
1990	42,000	100p - 168p
1991	608,150	85p - 100p
1992	–	n/a
1993	85,100	114p

24. Profit and Loss Account

	Group £000	Company £000
At 1st January 1993	7,517	1,461
(Loss)/Profit retained for the year	(1,022)	103
Goodwill written off (Note 27)	(602)	-
Currency adjustment	46	-
Goodwill written back (Note 4)	1,226	-
At 31st December 1993	**7,165**	**1,564**

The cumulative amount of goodwill resulting from acquisitions in the current and earlier financial years which has been written off is £25,471,000 (1992: £26,095,000). Of this amount £22,412,000 has been written off against merger reserve.

25. Operating lease commitments

At 31st December 1993 the group had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings £000	Other £000
Operating leases which expire:		
Within one year	202	313
In the second to fifth years inclusive	526	314
Over five years	506	-

The majority of leases of land and buildings are subject to periodic rent reviews every four or five years.

15. Investments *continued*

The Company has the following trading subsidiary undertakings incorporated in Great Britain and registered in England and Wales unless otherwise shown.

	% held by Company
Aspen Business Communications PLC	100
Spafax Airline Network Limited	55
Spafax Passenger Electronic Entertainment Developments Limited	100
Spafax Airline Network Inc. (USA)	80
Spafax Canada Inc. (Canada)	80
London Post Limited	100
Crystal Film & Video Limited	93
Aspen Specialist Media PLC	100
Cleartone Telecoms PLC	100
Pensord Press Limited	100
Aspen Preprint Limited	100
ACT (Computerproof) Limited	100
Heanor Gate Printing Limited	100
Aspen Field Marketing Limited	100
Marketing Direction Limited	100
Aspen Direct Limited	100
Aspen Insurance Brokers Limited	100
Datascope Marketing Limited	100
Aspen Veenhuizen Direct BV (Netherlands)	92
Broker Forms & Print Limited	90
US Leisure Limited	51
Tri County Leisure (Florida) Inc. (USA)	76

The shareholdings in Spafax Passenger Electronic Entertainment Developments Limited, Spafax Airline Network Inc. and Spafax Canada Inc. are held via the Company's shareholding in Spafax Airline Network Limited.

16. Stocks

	Group	
	1993	1992
	£000	£000
Raw materials and consumables	**852**	771
Work in progress	**1,617**	569
Finished goods	**1,838**	796
	4,307	2,136

17. Debtors

	Group		Company	
	1993	1992	**1993**	1992
	£000	£000	**£000**	£000
Trade debtors	**13,954**	12,875	–	–
Amounts owed by subsidiary undertakings	**–**	–	**6,974**	6,691
Other debtors	**1,793**	1,081	**246**	131
Prepayments and accrued income	**1,530**	735	**158**	21
	17,277	14,691	**7,378**	6,843

Included in the above amounts is £622,000 due for repayment after more than one year (1992: £229,000).

18. Creditors

	Group		Company	
	1993	1992	**1993**	1992
	£000	£000	**£000**	£000
Amounts falling due within one year:				
Secured term loans	**95**	134	**–**	–
Bank overdrafts	**–**	–	**2,170**	1,791
Unsecured bank loans	**2,000**	1,500	**2,000**	1,500
Trade creditors	**9,169**	8,282	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**3,780**	5,823
Corporation tax	**666**	1,350	**472**	612
Other taxes and social security	**1,578**	1,579	**40**	54
Accruals	**5,525**	2,057	**545**	467
Finance liabilities	**530**	335	**2**	2
Proposed dividend	**395**	376	**395**	376
	19,958	15,613	**9,404**	10,625

19. Creditors

	Group		Company	
	1993	1992	**1993**	1992
	£000	£000	**£000**	£000
Amounts falling due after more than one year:				
Secured term loans	**76**	94	**–**	–
Unsecured bank loans	**1,000**	2,000	**1,000**	2,000
Finance liabilities	**783**	449	**6**	8
	1,859	2,543	**1,006**	2,008
Analysis of loan repayments:				
Secured term loans				
Between one and two years	**76**	94	–	–
Between two and five years	**–**	–	–	–
	76	94	–	–
Finance liabilities				
Between one and two years	**408**	199	**6**	8
Between two and five years	**375**	250	**–**	–
	783	449	**6**	8

The unsecured bank loan is repayable in full by 30th September 1995.

Secured term loans are secured by specific fixed charges on certain of the group's property, plant and equipment.

20. Deferred income

Movements during the year on regional development grants were:

	Group
	£000
At 1st January 1993	**199**
Received during the year	**6**
Released to profit and loss account	**(55)**
At 31st December 1993	**150**

12. (Loss)/Earnings per share

(Loss)/Earnings per share are calculated on the profit or loss on ordinary activities after taxation and minority interests and on 13,563,975 5p ordinary shares, being the weighted average number of shares in issue in 1993 (1992: 12,940,527.).

An alternative figure for earnings per share is disclosed based on the results of continuing operations excluding exceptional items. This alternative figure is intended to demonstrate recurring elements of the results of the group after eliminating exceptional items that arose in the year.

Fully diluted earnings per share are not materially different from earnings per share as disclosed.

13. Intangible fixed assets

Intangible fixed assets comprise the following:

	1993 £000	1992 £000
Publishing rights and titles	136	–
	136	–

On 1st October 1993, one of the company's subsidiaries acquired the title to a magazine for a cash sum met from the company's own resources.

14. Tangible fixed assets

The Group	Properties Freehold £000	Properties Leasehold £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1st January 1993	1,534	2,296	16,179	1,561	21,570
Acquisition of subsidiary undertaking	–	–	99	10	109
Additions	6	357	2,029	268	2,660
Disposals	–	(172)	(1,226)	(289)	(1,687)
Currency	–	(3)	(25)	(2)	(30)
At 31st December 1993	**1,540**	**2,478**	**17,056**	**1,548**	**22,622**
Depreciation					
At 1st January 1993	–	548	10,147	800	11,495
Acquisition of subsidiary undertaking	–	–	43	4	47
Charge for the year	–	265	1,788	311	2,364
Released on disposal	–	(172)	(1,083)	(245)	(1,500)
Currency	–	(1)	(20)	–	(21)
At 31st December 1993	**–**	**640**	**10,875**	**870**	**12,385**
Net book value 1993	**1,540**	**1,838**	**6,181**	**678**	**10,237**
Net book value 1992	1,534	1,748	6,032	761	10,075

The net book value of plant and equipment at 31st December 1993 includes £1,395,000 (1992: £861,000) in respect of assets held under finance leases and hire purchase agreements. The depreciation thereon was £295,000 (1992: £215,000).

14. Tangible fixed assets *continued*

The Company	Properties Freehold £000	Properties Leasehold £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1st January 1993	117	26	332	146	621
Additions	–	30	15	–	45
At 31st December 1993	**117**	**56**	**347**	**146**	**666**
Depreciation					
At 1st January 1993	–	22	288	104	414
Charge for the year	–	15	16	26	57
At 31st December 1993	**–**	**37**	**304**	**130**	**471**
Net book value 1993	**117**	**19**	**43**	**16**	**195**
Net book value 1992	117	4	44	42	207

Future capital expenditure

Amounts not provided for in the group accounts	1993 £000	1992 £000
Authorised and committed	**165**	50
Authorised but not committed	**195**	330
	360	380

15. Investments

	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Associated undertaking	–	793	–	459
Cost of subsidiary undertakings	–	–	**30,738**	31,465
Other investment	–	408	–	408
	–	1,201	**30,738**	32,332

In April 1993, the company disposed of its associated undertaking investment for a sum of £1.902 million net of costs, realising a gain of £1.098 million (see note 3).

Associated undertaking comprises:	Group 1993 £000	Group 1992 £000
Investment in shares at cost	–	459
Share of retained profits	–	334
	–	793

In 1992 the other investment comprised a controlling interest in a US incorporated company. Since 1st January 1993, further shares have been acquired and the company has commenced trading. In consequence, the investment is now included within cost of subsidiary undertakings.

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging or (crediting) the following:

	1993 £000	1992 £000
Directors' remuneration	**416**	335
Depreciation	**2,364**	2,362
Profit on sale of tangible fixed assets	**(52)**	(18)
Auditors' remuneration:		
Audit	**65**	80
Other services	**35**	25
Hire of plant and machinery	**127**	126

7. Staff numbers and costs

The average number of persons employed by the group, including directors, during the year was as follows:

	1993 No.	1992 No.
Management and administration	**207**	202
Production and sales staff	**649**	634
	856	836

The aggregate payroll costs of these persons were as follows:

	1993 £000	1992 £000
Wages and salaries	**17,072**	16,233
Social security costs	**1,678**	1,706
Pensions and other costs	**451**	415
	19,201	18,354

As explained in the accounting policies set out on page 23 the group operates both a defined contribution and a defined benefit pension scheme.

The schemes' funds are administered by trustees and are independent of the group's finances. As at 1st July 1993 the directors were advised that the defined benefit scheme was adequately funded. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries. Current funding rates are 14% for the defined benefit scheme and 7% for the defined contribution scheme.

8. Emoluments of directors

The emoluments of the directors, excluding pension contributions, were as follows:

	1993 £	1992 £
Chairman	**76,153**	75,615
Highest paid director	**98,277**	88,776

The emoluments of the highest paid director included £10,000 salary waived in respect of 1991.

Pension contributions made by the Company in respect of the directors amounted to £29,179.

8. Emoluments of directors *continued*

Directors emoluments were within the following ranges:

	No.	No.
Up to £5,000	**1**	1
£55,001 - £60,000	**-**	1
£60,001 - £65,000	**1**	-
£65,001 - £70,000	**1**	-
£75,001 - £80,000	**1**	1
£80,001 - £85,000	**-**	1
£85,001 - £90,000	**1**	1
£95,001 - £100,000	**1**	-
	6	5

9. Taxation

The group provision for taxation, based on profits for the year, comprises:

	1993 £000	1992 £000
Corporation tax at 33%	**396**	972
Overseas taxation	**44**	144
Deferred taxation at 33%	**61**	(506)
Share of taxation of associated undertaking	**10**	30
	511	640

The high taxation charge arises due to the inability of the group to utilise overseas trading losses and surplus capital losses arising in the year.

10. (Loss)/Profit for the financial year

	1993 £000	1992 £000
Dealt with in the financial statements of the Company	**769**	261
Retained by subsidiaries	**(1,125)**	813
Retained by associated undertaking	**-**	37
	(356)	1,111

11. Dividends

	1993 £000	1992 £000
Interim ordinary dividend paid during the year (2.0p per share)	**271**	259
Proposed final ordinary dividend at 31st December 1993 (2.9p per share)	**395**	376
	666	635

Notes to the Financial Statements

1. Analysis of Turnover, Profits and Net Assets

Divisional Analysis	Turnover 1993 £000	Turnover 1992 £000	Profit 1993 £000	Profit 1992 £000	Net Assets 1993 £000	Net Assets 1992 £000
Specialist Printing	**23,531**	23,391	**573**	1,442	**7,587**	6,870
Marketing Services	**19,140**	17,733	**388**	720	**2,786**	3,263
Media & Communications	**20,616**	17,351	**548**	512	**3,153**	1,538
Management Company	–	–	**(170)**	(94)	–	–
Terminated activity	**928**	1,786	**(339)**	(304)	–	724
Turnover	**64,215**	60,261				
Operating profit			**1,000**	2,276		
Income from associate			**30**	90		
Non-operating items			**(523)**	–		
Net interest payable			**(350)**	(539)		
Profit before taxation			**157**	1,827		
Divisional net assets					**13,526**	12,395
Less: Unallocated net debt					**(2,276)**	(2,227)
Add: Group share of net assets of associated undertaking					–	334
Net Assets					**11,250**	10,502

Non operating items in the above analysis includes the gain arising on disposal of the associated undertaking (Note 3) and the loss arising on the terminated activity (Note 4).

Geographical Analysis	Turnover 1993 £000	Turnover 1992 £000	Profit 1993 £000	Profit 1992 £000	Net Assets 1993 £000	Net Assets 1992 £000
UK	**55,965**	53,001	**1,336**	2,514	**12,763**	10,322
Europe	**6,215**	4,794	**176**	(55)	**592**	1,180
USA and Canada	**1,107**	680	**(173)**	121	**171**	169
Terminated activity	**928**	1,786	**(339)**	(304)	–	724
	64,215	60,261	**1,000**	2,276	**13,526**	12,395

The above table shows turnover and operating profit analysed by the destination to which products and services are supplied.

Geographical Source of Turnover	Total by Source 1993 £000	Total by Source 1992 £000	Inter-divisional 1993 £000	Inter-divisional 1992 £000	Turnover 1993 £000	Turnover 1992 £000
UK	**60,799**	56,444	**1,762**	1,894	**59,037**	54,550
Europe	**4,074**	5,040	**3**	9	**4,071**	5,031
USA and Canada	**1,135**	869	**28**	189	**1,107**	680
	66,008	62,353	**1,793**	2,092	**64,215**	60,261

2. Cost of sales and operating expenses

	Ongoing activities £000	Terminated activity £000	**1993 £000**	Ongoing activities £000	Terminated activity £000	1992 £000
Cost of sales	44,804	410	**45,214**	40,300	734	41,034
Operating Expenses	17,144	857	**18,001**	15,595	1,356	16,951

The total figures for ongoing activities in 1993 include the following amounts relating to acquisitions:

Cost of sales £907,000 and operating expenses £523,000.

Operating expenses comprise the following:

	1993 £000	1992 £000
Redundancy costs	**342**	268
Charges for bad and doubtful debts	**288**	242
	630	510
Sales and administrative expenses	**17,371**	16,441
Operating expenses	**18,001**	16,951

3. Gain on disposal of associated undertaking

	1993 £000	1992 £000
Profit on disposal of associated undertaking	**1,098**	–

In April 1993, the company disposed of its shareholding in a company with interests in commercial radio. This shareholding had previously been accounted for as an associated undertaking (see Note 15).

4. Loss arising on terminated activity

On 1st October 1993 the group ceased trading at its French subsidiary undertaking, Aspen Direct Paris. The loss on termination includes £1.226 million of goodwill previously written off to reserves on the acquisition of the company in 1989 (see note 24). This amount has no cashflow or net asset impact and has been added back to retained earnings brought forward.

5. Interest payable less receivable

	1993 £000	1992 £000
Payable:		
on bank loans, overdraft and other loans repayable within five years	**298**	480
on finance liabilities	**94**	109
	392	589
Receivable	**(42)**	(50)
	350	539

Accounting Policies

The principal accounting policies consistently applied in the preparation of the financial statements of the group are described below.

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

The accounts comply with the requirements of Financial Reporting Standard No. 3, 'Reporting Financial Performance'. FRS 3 changes, inter alia, the presentation of financial performance in the profit and loss account. As a result, turnover and operating profit are now analysed between continuing and discontinued operations, items previously treated as extraordinary are classified as exceptional and a statement of total recognised gains and losses has been included together with a reconciliation of movement in shareholders' funds.

Basis of consolidation

The consolidated financial statements deal with the state of affairs and results of the Company and all its subsidiary undertakings including the group share of the results of its associated undertaking.

The results of subsidiary and associated undertakings acquired or disposed of are included from or until the effective date of acquisition or disposal. Where merger relief, in accordance with the provisions of Section 131 of the Companies Act 1985 is applicable, a merger reserve is created and utilised to write off goodwill. In other instances goodwill is written off against retained profits.

The Company has taken advantage of Section 230(3) of the Companies Act 1985 and has not presented a profit and loss account dealing with its own results.

Turnover

Turnover represents sales to third parties net of returns and allowances and excludes value added tax.

Depreciation

Depreciation is provided to write off the cost of fixed assets on a straight line basis in equal annual instalments over their estimated useful lives as follows:

Short leasehold property	–	life of lease
Plant and equipment	–	4 to 10 years
Motor vehicles	–	4 years

Freehold properties are not depreciated as they are considered to have an estimated useful life in excess of 50 years. It is group policy to maintain all buildings in good condition and any depreciation involved would not be material. Costs of repairs and maintenance which prolong the useful life of the properties are charged against revenue in the year in which they are incurred.

Finance leases and hire purchase agreements

Assets acquired under finance leases and hire purchase agreements are capitalised and depreciated in accordance with group policy. The corresponding finance liability is included within outstanding finance liabilities with the relevant interest proportion being charged to profit and loss account.

Intangible Fixed Assets

Acquired publishing rights and titles are capitalised and classified within the balance sheet as intangible assets and recorded at cost. Their value is reviewed annually by the directors and provision is made, where appropriate, for any permanent diminution in value.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, costs include all production overheads and an attributable proportion of indirect overhead expenses.

Foreign exchange transactions

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

For consolidation purposes the assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the exchange rate at the balance sheet date and at average rates of exchange for the year respectively. Exchange differences arising on these translations are taken to reserves.

Taxation

Taxation charges are computed at the rates applicable to the financial year and take into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

Pension costs

The group operates defined contribution and defined benefit pension schemes.

The assets of the schemes are held separately from those of the group in independently administered funds. The amounts charged against profit for the defined contribution scheme represent the contributions payable to the scheme in respect of the accounting period. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread costs of pensions over the employees' working lives with the group.

Statement of Total Recognised Gains and Losses
For the year ended 31st December

	Note	1993 £000	1992 £000
(Loss)/Profit for the financial year		(356)	1,111
Currency translation differences on foreign currency net investments		46	264
Total recognised gains and losses for the year		(310)	1,375

There is no difference between the profit on ordinary activities before taxation and the retained profit/(loss) for the year stated above, and their historical cost equivalents.

Reconciliation of Movements in Shareholders' Funds
For the year ended 31st December

	Note	1993 £000	1992 £000
(Loss)/Profit for the financial year		**(356)**	1,111
Dividends		**(666)**	(635)
		(1,022)	476
Other net recognised gains and losses		**46**	264
Goodwill written off on acquisition	27	**(602)**	(631)
Goodwill written back on closure	4	**1,226**	–
Shares issued	23	**1,100**	–
		748	109
Shareholders' funds at 1st January		**10,502**	10,393
Shareholders' funds at 31st December		**11,250**	10,502

The attached notes form part of these financial statements.

Cash Flow Statement

For the year ended 31st December

	Note	1993 £000	1992 £000
Net cash inflow from operating activities	*28*	**3,157**	4,639
Returns on investment and servicing of finance			
Interest received		**42**	50
Bank and loan interest paid		**(289)**	(480)
Interest element of finance liabilities		**(94)**	(93)
Dividend received from associated undertaking		**19**	23
Dividends paid		**(647)**	(544)
Dividends paid to minority interests		**(84)**	(59)
Net cash outflow from returns on investment and servicing of finance		**(1,053)**	(1,103)
Taxation			
Taxation paid		**(1,155)**	(326)
Investing activities			
Purchase of intangible fixed assets		**(136)**	–
Purchase of tangible fixed assets		**(2,660)**	(1,619)
Purchase of investments		**–**	(408)
Purchase of subsidiary undertaking, including costs	*29*	**(529)**	(651)
Sale of tangible fixed assets		**239**	73
Sale of investments		**1,902**	–
Costs of closure of terminated activity		**(395)**	–
Net cash outflow from investing activities		**(1,579)**	(2,605)
Net cash (outflow)/inflow before financing activities		**(630)**	605
Financing			
Unsecured loan	*31*	**(500)**	–
Hire purchase facilities received	*31*	**932**	427
Regional development grants received	*20*	**6**	–
Repayment of amounts borrowed	*31*	**(57)**	(142)
Capital elements of finance liabilities	*31*	**(403)**	(483)
Issue of shares	*31*	**1,100**	–
Investment by minority	*22*	**228**	–
Net cash inflow/(outflow) from financing		**1,306**	(198)
Increase in cash and cash equivalents	*30*	**676**	407

The attached notes form part of these financial statements.

Company Balance Sheet
At 31st December

	Note	1993 £000	1992 £000
Fixed assets			
Tangible assets	*14*	**195**	207
Investments	*15*	**30,738**	32,332
		30,933	32,539
Current assets			
Debtors	*17*	**7,378**	6,843
Cash at bank		**45**	15
		7,423	6,858
Creditors			
Amounts falling due within one year	*18*	**9,404**	10,625
Net current liabilities		**(1,981)**	(3,767)
Total assets less current liabilities		**28,952**	28,772
Creditors			
Amounts falling due after more than one year	*19*	**1,006**	2,008
Provision for liabilities and charges			
Deferred taxation	*21*	**(115)**	(94)
Net assets		**28,061**	26,858
Capital and reserves			
Called up share capital	*23*	**679**	646
Share premium account	*23*	**3,406**	2,339
Merger reserve		**22,412**	22,412
Profit and loss account	*24*	**1,564**	1,461
Shareholders' funds		**28,061**	26,858

These financial statements were approved by the Board of Directors at a Board Meeting held on 23rd March 1994.

H.P.J. Meakin Director

N.F. Worgan Director

The attached notes form part of these financial statements.

Consolidated Balance Sheet
At 31st December

	Note	1993 £000	1992 £000
Fixed assets			
Intangible assets	*13*	**136**	–
Tangible assets	*14*	**10,237**	10,075
Investments	*15*	**–**	1,201
		10,373	11,276
Current assets			
Stocks	*16*	**4,307**	2,136
Debtors	*17*	**17,277**	14,691
Cash at bank		**2,086**	1,410
		23,670	18,237
Creditors			
Amounts falling due within one year	*18*	**19,958**	15,613
Net current assets		**3,712**	2,624
Total assets less current liabilities		**14,085**	13,900
Creditors			
Amounts falling due after more than one year	*19*	**1,859**	2,543
Deferred income	*20*	**150**	199
Provision for liabilities and charges			
Deferred taxation	*21*	**588**	548
Minority interests	*22*	**238**	108
Net assets		**11,250**	10,502
Capital and reserves			
Called up share capital	*23*	**679**	646
Share premium account	*23*	**3,406**	2,339
Profit and loss account	*24*	**7,165**	7,517
Shareholders' funds		**11,250**	10,502

These financial statements were approved by the Board of Directors at a Board Meeting held on 23rd March 1994.

H.P.J. Meakin Director

N.F. Worgan Director

The attached notes form part of these financial statements

Consolidated Profit & Loss Account

For the year ended 31st December

	Note	Before Exceptional Items £000	Exceptional Items £000	1993 £000	1992 £000
Turnover on Continuing Operations					
Ongoing Activities		61,864		**61,864**	58,475
Acquisitions		1,423		**1,423**	–
		63,287		**63,287**	58,475
Terminated Activity		928		**928**	1,786
Total Turnover	1	64,215		**64,215**	60,261
Cost of Sales	2	(45,214)		**(45,214)**	(41,034)
Gross Profit		19,001		**19,001**	19,227
Operating Expenses	2	(17,371)	(630)	**(18,001)**	(16,951)
Operating Profit on Continuing Operations		1,630	(630)	**1,000**	2,276
Ongoing Activities		1,976	(630)	**1,346**	2,580
Acquisitions		(7)	–	**(7)**	–
		1,969	(630)	**1,339**	2,580
Terminated Activity		(339)	–	**(339)**	(304)
Total Operating Profit		1,630	(630)	**1,000**	2,276
Share of Profits of Associated Undertaking		–	30	**30**	90
		1,630	(600)	**1,030**	2,366
Gain on Disposal of Associated Undertaking	3		1,098	**1,098**	–
Loss arising on Terminated Activity	4				
Cost of closure			(395)	**(395)**	–
Goodwill written off			(1,226)	**(1,226)**	–
			(523)	**(523)**	–
Interest (Net)	5	(347)	(3)	**(350)**	(539)
Profit/(Loss) on Ordinary Activities before Taxation	6	1,283	(1,126)	**157**	1,827
Taxation on Profit/(Loss) on Ordinary Activities	9	(709)	198	**(511)**	(640)
Profit/(Loss) on Ordinary Activities after Taxation		574	(928)	**(354)**	1,187
Minority Interests	22	(2)	–	**(2)**	(76)
Profit/(Loss) for the Financial Year	10	572	(928)	**(356)**	1,111
Dividends	11			**(666)**	(635)
(Loss)/Profit Retained for the Year				**(1,022)**	476
(Loss)/Earnings Per Share	12			**(2.6p)**	8.6p
Adjustment for Exceptional Items				**6.8p**	2.6p
Adjusted Earnings per Share				**4.2p**	11.2p

The attached notes form part of these financial statements.

The directors have been notified of the following interests in the issued share capital of the Company.

Shareholder	No. of shares	%
Edinburgh Fund Managers plc	1,946,190	14.3
Friends Provident	855,176	6.3
National Westminster Bank Plc	730,846	5.4
Scottish Amicable Investment Managers	727,839	5.4
Robert Fleming Holdings Limited	592,099	4.4
Chase Nominees Limited	540,000	3.9

The directors have been notified that the interests of Edinburgh Fund Managers plc and Chase Nominees Limited are non-beneficial and represent shares held under discretionary management.

Special business

A resolution will be proposed at the Annual General Meeting to renew the existing powers of the directors, which expire at that time, to issue equity securities in certain circumstances and up to a stated limit, other than pro rata to shareholders.

A further resolution will be proposed to authorise the Company to purchase up to 1,358,700 of its own ordinary shares, representing approximately 10% of the Company's existing issued ordinary shares, through market purchases on a recognised stock exchange. The maximum price to be paid for an ordinary share purchased pursuant to the authority would be 105 per cent of the average of the middle market quotations for ordinary shares for the ten business days immediately preceding the day of purchase and the minimum price would be 5p being the par value of the shares. Any purchase would take place within the limits of available reserves.

The board would commence purchasing ordinary shares only after careful consideration and in the expectation that it would result in an increase in expected earnings per share after taking account of other investment opportunities and the overall financial position of the Company. While the authority now sought in the Notice of Annual General Meeting would expire on 26th August 1995 the intention of the board is to make renewal of the authority part of the regular business at subsequent Annual General Meetings.

Fixed assets

Details of the movements in tangible fixed assets during the year are given in note 14 to the financial statements.

Corporate Governance

The directors have reviewed the requirements of the Code of Best Practice recommended by the Cadbury Committee on the financial aspects of Corporate Governance. Since the company started in 1969 the board has set out to govern the company to the highest professional standards and in accordance with the main principles recommended by the Committee.

To meet the remaining details of the Code, by 30th June 1994 a schedule of matters to be considered by the board, together with the procedures for directors to seek independent advice will be agreed, and an audit committee will be appointed.

Tax status

The directors are advised that the Company is not a close company as defined by the Income and Corporation Taxes Act 1988.

People within the group

Management of the group is devolved to its operating companies and our policy is to support our people by training, career development and opportunities for promotion. We believe in an open management approach and close consultation on matters of concern to our staff. Information is shared on each company's performance which, together with participation in the company's share option schemes and application of performance related bonuses, encourage staff involvement. The group's policy provides that disabled persons, whether registered or not, shall be considered for employment, training and career development having regard to their aptitude and abilities.

Auditors

A resolution for the re-appointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

A. J. McRae
Secretary
23rd March 1994

debts, a £1.098 million gain on the disposal of the group's investment in commercial radio and a £1.621 million charge on the closure of Aspen Direct Paris. Within the latter item is £1.226 million in respect of goodwill previously written off in 1989. This charge has no cashflow or net asset impact and is the result of the accounting requirements of UITF Abstract No. 3.

Interest

The net interest charge decreased from £539,000 to £350,000 reflecting reduced interest rates and the benefit of reduced average borrowings during the year.

Interest cover on operating profits before exceptional items declined from cover of 5.3 times in 1992 to 4.7 times in 1993.

Taxation

The tax charge for the year of £511,000 reflects the inability to utilise overseas tax losses incurred in France. The group has sufficient capital losses available to cover the gain on disposal of the investment in commercial radio, referred to above.

Earnings per Share

The loss per share for 1993 was 2.6 pence compared to earnings per share of 8.6 pence in 1992. Earnings per share adjusted to exclude exceptional items amounted to 4.2 pence against a prior year comparative of 11.2 pence.

Review of Cashflow and Balance Sheet

Cashflow

Net cash inflows from operating activities during the year totalled £3.2 million (1992: £4.6 million).

Investment in capital assets during 1993 increased to £2.8 million (1992: £1.6 million). Net disposal proceeds of £1.9 million from the sale of our investment in commercial radio restricted net cash outflows from investing activities to £1.6 million (1992: £2.6 million). The depreciation charge for the year amounted to £2.4 million (1992: £2.4 million).

At the year end cash borrowings totalled £914,000 representing cash at bank of £2.1 million and short term loans of £3 million. Cash and cash equivalent balances improved by £676,000 during the year.

At the year end, bank and finance facilities totalled £10 million, of which £9 million represents committed lines with maturity dates of between one and two years.

Balance Sheet

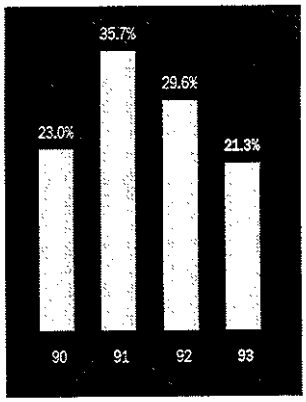
Total net assets increased during the year by £748,000 to £11.3 million due primarily to the increase in our capital base following the private placing of shares in January 1993, which raised approximately £1.1 million, net of expenses.

Outstanding debtor days at the year end amounted to 68 days sales, a deterioration from the prior year comparative of 66 days sales. Working capital increased by £157,000 during the year.

In August 1993 the company purchased the publishing rights to the London lifestyle magazine, *Boardroom*, for £136,000, including costs. This acquisition is shown within our balance sheet under intangible assets.

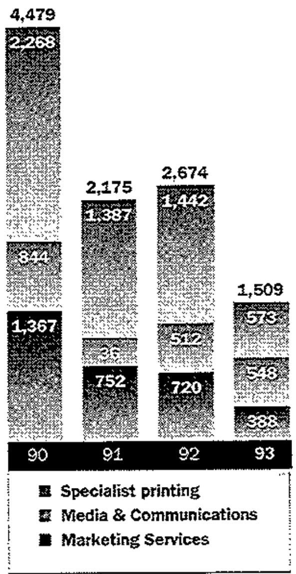
Year end debt totalled £2.4 million giving rise to gearing of 21.3%, an improvement on the 29.6% 1992 comparative figure.

Gearing



Close attention to working capital and cash control during the recession has allowed the group to maintain satisfactory levels of financial gearing.

Operating Profits by division from continuing activities £000



Directors' Report

The directors have pleasure in presenting their annual report to shareholders, together with the audited financial statements for the year ended 31st December 1993 on pages 18 to 29.

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors 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, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the 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 company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Principal activities and business review
The Company is a holding and management company whose subsidiaries provide communications products and services and operate in three divisions: Specialist Printing, Media and Communications, Marketing Services. More details of these activities, and the development of the company and its subsidiaries are given in the Chairman's statement and in the Chief Executive's review on pages 4 and 7.

Results and dividends
A summary of the results is shown on page • and is further explained in the Chairman's statement.

An interim dividend of 2.0p per share was paid in October 1993 (1992:2.0p). The directors recommend a final dividend of 2.9p per share (1992:2.9p) to be paid in June 1994 giving a total net dividend of 4.9p per share (1992:4.9p). After deducting the total dividend, the group loss for the year was £1,022,000.

Acquisition
On 1st August 1993 one of the Company's subsidiaries acquired the assets, liabilities and business of the Foreword Book Partnership, a book merchandising and distribution operation for a nominal cash sum. The operation has since been merged within the operations of Aspen Field Marketing Limited.

On 1st October 1993, the Company acquired 90 per cent of the issued share capital of Broker Forms & Print Limited, a print broker based in Eccles, Manchester, for a total sum of £94,000 in cash.

Directors and their interests
The directors of the Company who held office at the end of the financial year and their beneficial interests in its share capital were:

	No. of Ordinary Shares of 5p	
	31st December 1993	31st December 1992
H.P.J. Meakin	2,127,019	2,127,019
N.F. Worgan	200,000	200,000
P.J.M. Threlfall	1,402,430	1,407,430
N. Alwyn	98,323	98,323
E.A.R. Balding	153,157	153,157
A.J. McRae	-	-

Under the terms of the Aspen Share Option Schemes the following options have been granted to the directors. Details regarding the periods during which the options may be exercised are given within Note 23 to the financial statements.

	No. of shares	Option price
N.F. Worgan	260,000	85p – 375p
N. Alwyn	20,000	316p
E.A.R. Balding	40,000	168p
A.J. McRae	35,000	145p – 168p

Mr I. Vinall was appointed as a director on 14th January 1994. Mr N. Alwyn resigned as a director of the Company on 20th January 1994 and in February 1994 sold 90,000 shares in the Company.

Mr J. Salmon was appointed to the board on 22nd March 1994 as a non executive director.

Mr I. Vinall has a 20 per cent interest in one of the Company's dormant subsidiaries, Zeros Printers Limited, and is beneficially interested in 189,669 shares of the Company. No other director has a beneficial interest in any shares of any subsidiary undertaking.

There have been no other changes in directors' interests since 31st December 1993.

Share capital
On 14th January 1993, the Company allotted 646,473 new ordinary shares of 5p each pursuant to a private placing at 173p per share to raise approximately £1.1 million, net of expenses. These shares were placed with Mercury Asset Management Limited, Edinburgh Fund Managers plc, Thornton Investment Limited and NatWest Securities Limited.

Details of the changes in the share capital are shown in note 23 to the financial statements.

United Distillers and Nomura Bank. The current year has started well with sales above our expectations.

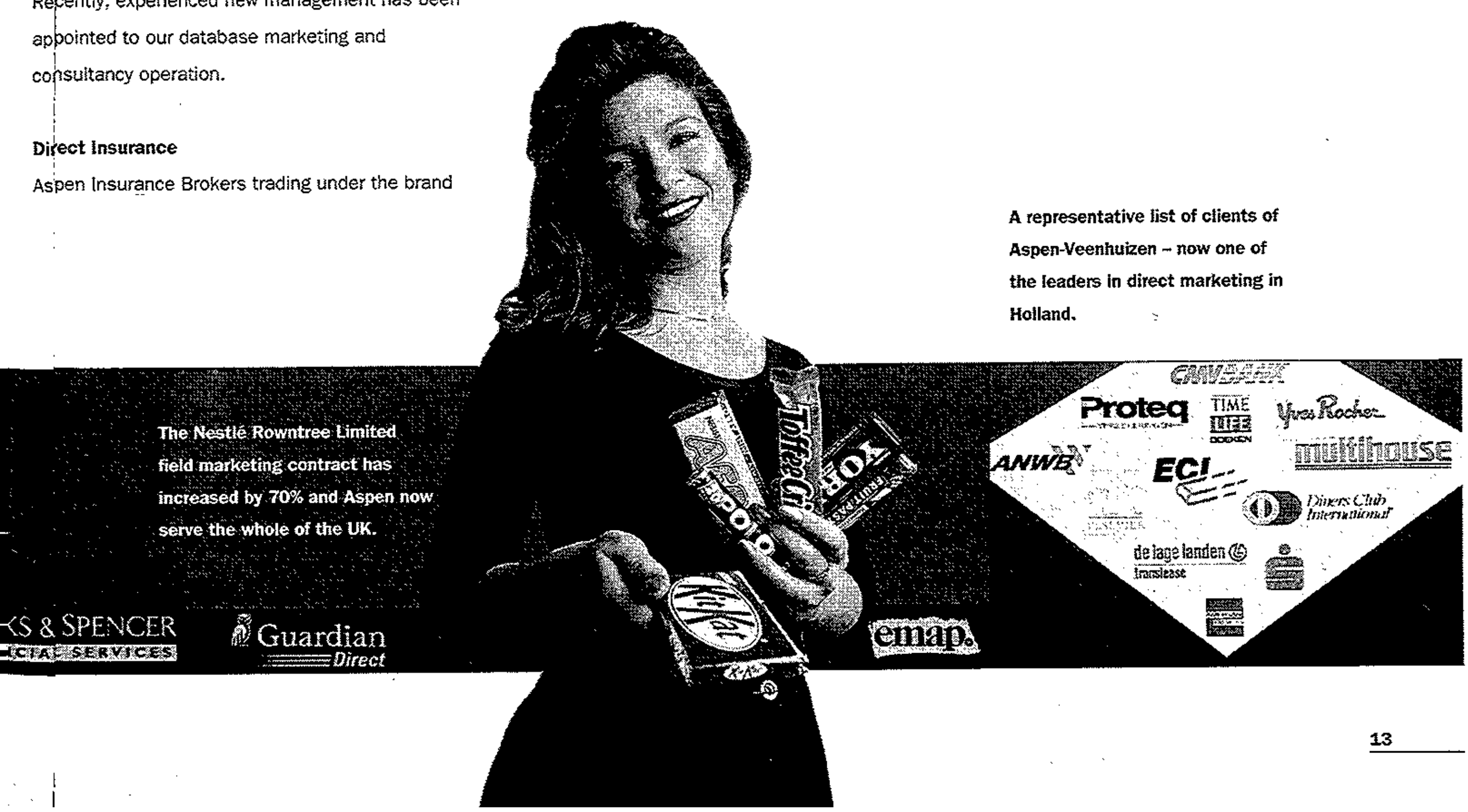
Direct Marketing

The group's direct marketing agencies based in London, Amsterdam and Paris showed mixed fortunes. The London agency performed well with increased profits. In Amsterdam profits were reduced against a difficult economic climate in Europe. The Paris office continued to incur heavy losses and after due consideration the decision was taken to close the office and discontinue all activities. We are pleased with continued success in new client gains. In London the agency has worked on the launch of Guardian Direct and the international promotion of the new Saab 900. In Amsterdam, Aspen-Veenhuizen won direct marketing for FBTO Insurances and Sedgwick. Recently, experienced new management has been appointed to our database marketing and consultancy operation.

Direct Insurance

Aspen Insurance Brokers trading under the brand Retirement Insurance Advisory Service continued to make good progress in its promotion of home and contents insurance to the over 55 market. The group has made a considerable investment in the testing and promotion of this service over the last two years and the company continues to perform to plan. In January 1994 a significant step was taken to set up our own administration and marketing operation in Poole, Dorset using latest computer technology to provide the most efficient service in direct response coupon and telephone enquiries. The company has recently launched its own motor insurance product.

The early months trading of the Marketing Services division are in line with expectations and are better than the corresponding months last year. The outlook for the division is positive and there is good potential for future growth in profits.

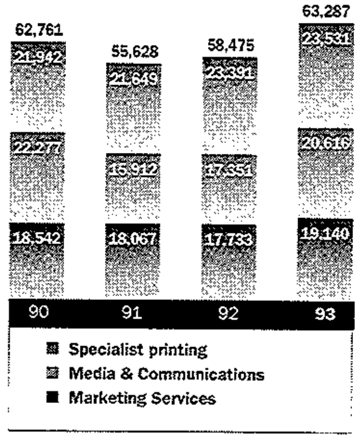


A representative list of clients of Aspen-Veenhuizen – now one of the leaders in direct marketing in Holland.

Financial Review

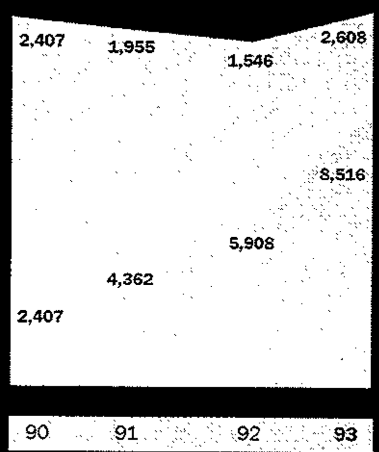
New standards and guidelines issued by the Accounting Standards Board have had a significant impact on the presentation of the Group's Annual Report & Accounts for 1993. Financial Reporting Standard Number 3 ('FRS 3') now requires the results from continuing and discontinued operations to be shown separately on the face of the profit and loss account.

Turnover by division from continuing activities £000



The differing fortunes of our three divisions over the past four years in terms of turnover and operating profits are shown in the graphs (right).

Results in respect of terminated activities are excluded.



Consistent capital investment provides the group with strong potential from improved market conditions.

The standard now effectively abolishes extraordinary items with the result that all unusual items are now required to be classified as exceptional and charged or credited against profits before taxation.

In addition to FRS 3, the Accounting Standards Board also published UITF Abstract Number 3. This statement requires that goodwill, previously written off, is to be charged through the profit and loss account in the event that the company on which the goodwill arose is subject to disposal or closure.

Profit and Loss Account

Turnover and Operating Profits

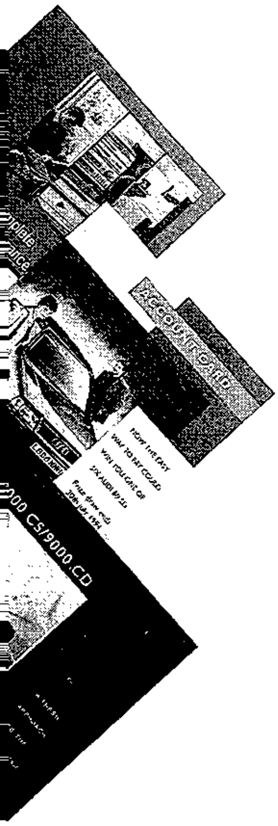
Turnover increased by 6.6% to £64.2 million. Turnover from ongoing activities, which excludes the turnover of Aspen Direct, Paris, which was closed during the year, increased by 8.2%, whilst operating profits from ongoing activities and before exceptional items amounted to £1.9 million (1992: £3.1 million).

Total profits before tax and exceptional items were £1.28 million (1992: £2.34 million). Operating profits from ongoing activities represented a return on sales of 3.1%, compared to 5.3% in 1992.

Exceptional Items

The total charge for exceptional items was £1.16 million comprising £630,000 on ongoing activities to cover costs of redundancy and bad and doubtful

Marketing Services



Results in 1993 were disappointing, exacerbated by losses in our Paris agency. Later in the year new business gains were good whilst action was taken to reduce costs in all companies and to close the French company.

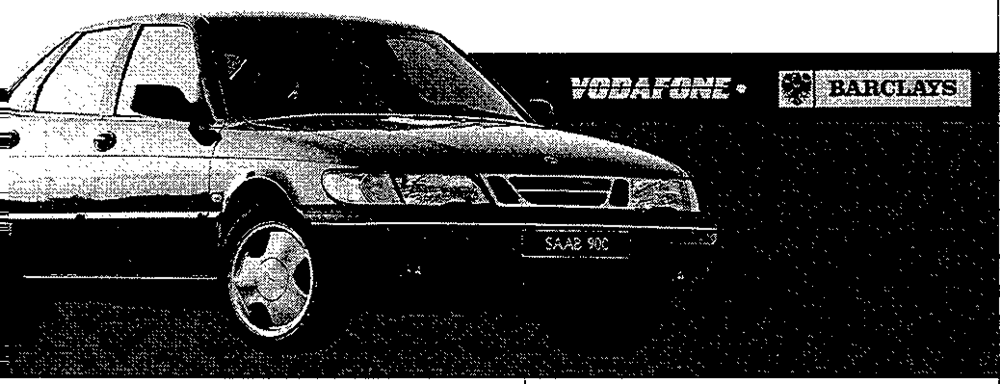
Field Marketing

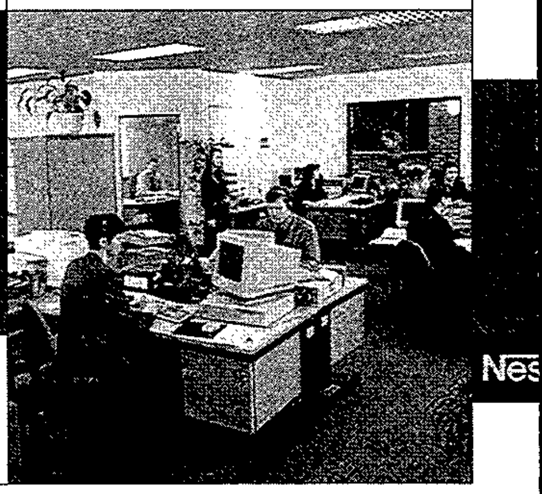
Aspen Field Marketing experienced a difficult year whilst marketing budgets were under pressure. Against this background the company reduced its costs and concentrated its drive to build new business volumes. The activity has led to a number of new contracts being won and several important clients have increased commitments for 1994. In a move to strengthen the company's market position the trade of the Foreword Book partnership was acquired in October and merged with Aspen's own book operation to create the largest supplier of books to the supermarket trade.

Market Research

Marketing Direction enjoyed a better year with a number of new clients being gained including

A new administration and telephone response computer centre was opened in January 1994 to serve growth in Aspen's direct insurance policyholders.





Aspen Direct carried out the Saab 900 series direct marketing launch in 25 countries on behalf of Saab (Sweden).

lients including Rank Xerox and Mercury ommunications.

elevision Facilities

ur strategy to invest in post production facilities 1991 to serve the expected demand from ndependent producers and the effects of roducer's Choice in the BBC was rewarded with ncreasing profits in 1993. This result came, not nly from a small improvement in demand, but nore importantly the growing reputation of our acilities, London Post and Bristol Post which are ow amongst the highest rated facilities in the Inited Kingdom. Crystal Film and Video already established as the country's leading independent supplier of camera crews to the television industry enjoyed a year of growing profitability by delivering outstanding service to its clients which include the BBC, Granada and LWT.

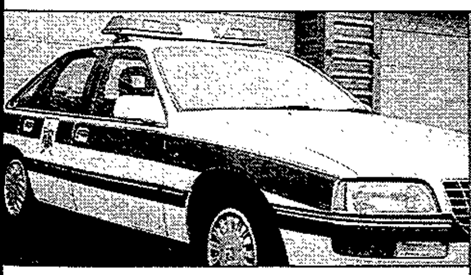
Radio Communications

The new mobile radio products developed over the past two years gained increasing acceptance and again Cleartone grew its profits. Significant progress was made which increased the company's market position with the police, fire and ambulance emergency services. Cleartone now supplies 40 of the 43 police authorities in England and Wales and over half of the 55 fire brigades. In the highly competitive cellular market unit sales increased and a new phone is to be launched in the Autumn.

Leisure

In 1993 the group joined a consortium of investors in a new venture to develop the highly successful Quasar laser game concept in central Florida. The first two game operations were opened in Orlando in June and a further site is planned to open in Tampa in May this year. Investment in developing the sites was incurred in 1993 and the company plans to move into profit by the autumn.

The Media and Communications division has started the year well with good performances from Business Communications, Radio Communications and Television Facilities. Within Specialist Media, Spafax has seen an improvement in the level of business to date whilst the Post Office projects are currently lower than planned. Overall the division is expected to continue the profit recovery seen over the last two years.



The London quality lifestyle magazine Boardroom was acquired by Aspen Specialist Media to develop its prestigious readership.

Cleartone's range of products for the emergency market are now used by 40 of the 43 police forces in the UK.

Media and Communications

Further progress was achieved in the division during 1993. Improvements were seen from all our development initiatives over the past two years which were partially offset by lower returns from QTV and Spafax.

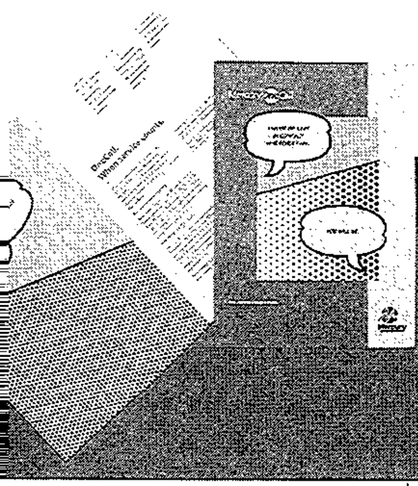
Specialist Media

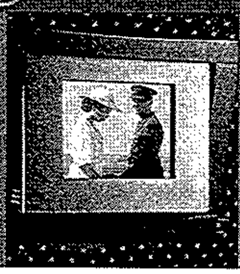
Specialist Media saw profits reduced in both Post Office Media and Spafax as a result of weak advertising demand. QTV's performance was disappointing and accordingly from April it is being relaunched as Direct Response Television. Counterpoint performed satisfactorily gaining campaigns from amongst others Department for Education, Boots the Chemist and Birds Eye. Active Life continued its development as a highly regarded customer magazine for the Post Office and a successful advertising medium. Our plans to expand in magazine publishing progressed with the purchase of Boardroom Magazine, the first stage in developing, through acquisition and launch, Aspen-owned titles.

Spafax Airline Network continued to expand its services to the world's airline industry. Multi-channel seat back television including interactivity can now provide income from films, games, shopping, duty free and telephone services at each seat. Following the acquisition of IMI in New York, Spafax now provides advertising and sponsorship to 36 of the world's airlines reaching 150 million passengers and greatly strengthening the company's leading position in this field. Its joint company with British Airways made significant progress in its first year. Similarly Air Canada has recently contracted to outsource its inflight communications management to Spafax. New agreements to supply programmes have been secured with Singapore Airlines and Emirates.

Business Communications

After a very difficult first half Aspen Business Communications made good progress in developing its client base. Employee communications work was undertaken for a growing list of major companies culminating in another industry award for Glaxo's annual communications video. The marketing communications activity launched in 1992 continued to make excellent progress with successful projects for an increasing number of





Over 3,000,000 'over 55' customer readers per annum are now reached by *Active Life* in the Post Office.

Excellent progress from the marketing communications activity provide strategic and creative support to a Mercury communications product launch.

Airline multi-channel seat back entertainment and interactive services are a major opportunity for Spafax's skills.

ding in the first half of the year, encouraging
nds were seen in the second half. In response
customer demand two new multi colour presses
re purchased in December. Investment approval
s recently been given for new finishing facilities
be operational from the summer. Our print sales
erations in Birmingham and Manchester had a
tisfactory year with profits in line with
pectations.

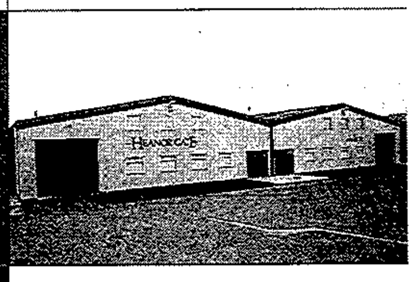
agazine Printing

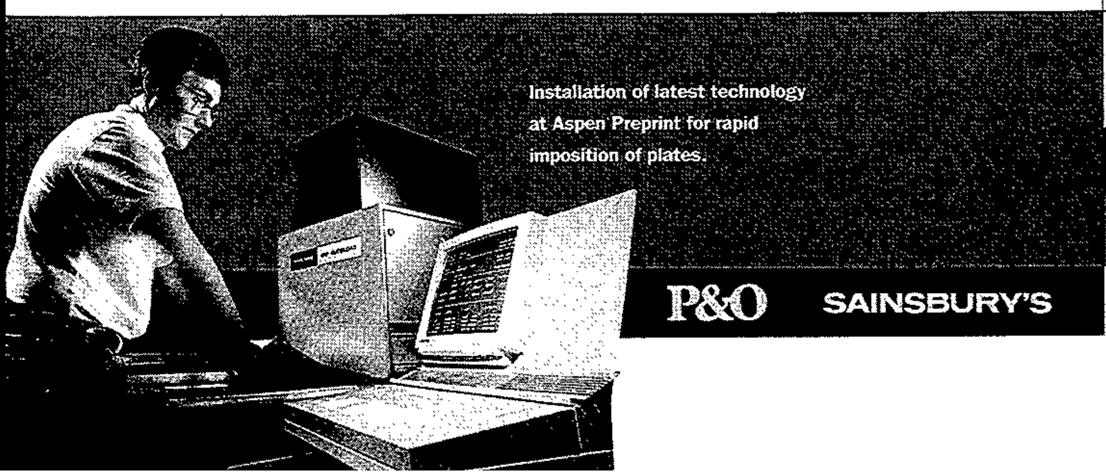
Pensord Press sales volumes remained at a
milar level to 1992 but trading margins were
nsiderably lower. Business magazine
ginations again declined and the increasing use
direct input by publishers resulted in the need to
duce costs, in particular within the composing
ea where new electronic equipment has been
lded. Productivity remains under close scrutiny
d significant steps have been taken to
prove output.

the Specialist Printing Division we are
ticipating a better year. After a slower start
eanor Gate is performing better following its premises relocation and its markets hold more promise. Aspen Preprint's trading is in line with its improving trends. It is pleasing to report that in its twenty fifth year Pensord Press is now performing better and is ahead of its plans. Overall we view the division's future prospects with increasing optimism.

A television review promotional brochure from Heanor Gate which consistently wins awards for quality.

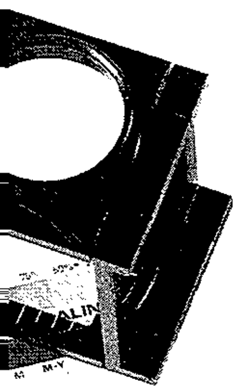
Completed development of the new printing premises for Heanor Gate.





Installation of latest technology at Aspen Preprint for rapid imposition of plates.

Specialist Printing



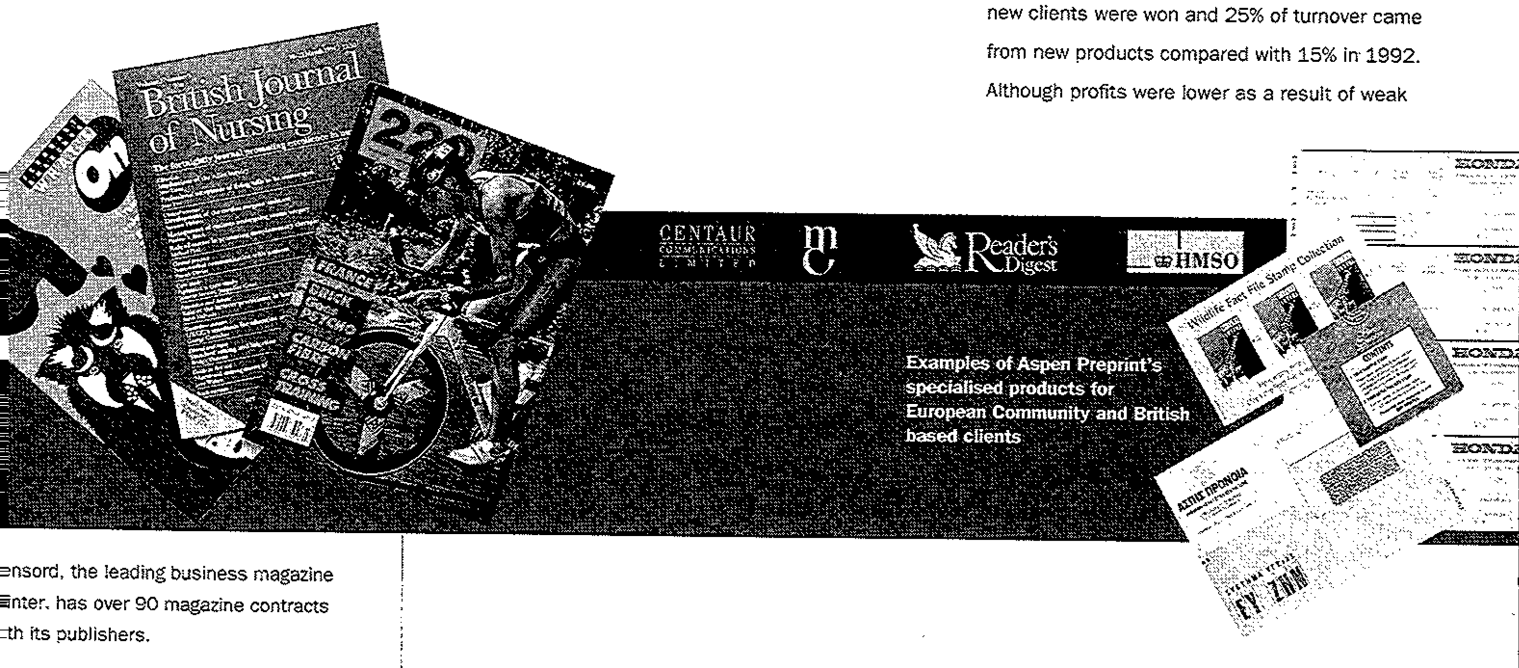
The division suffered from intense competition during 1993. Action was taken to reduce costs, investment was increased and a new Divisional Chief Executive was appointed.

Promotional

Heanor Gate continued its investment in sales activity and again added new customers to help make good the reduced demand from its existing client base. Turnover for the year was level but profits reduced with increased pressure on margins. The quality of its work was recognised during the year with the receipt of five awards. Ahead of improving markets the company has recently commenced the development of additional capacity in an adjacent factory.

Forms and Mailing Products

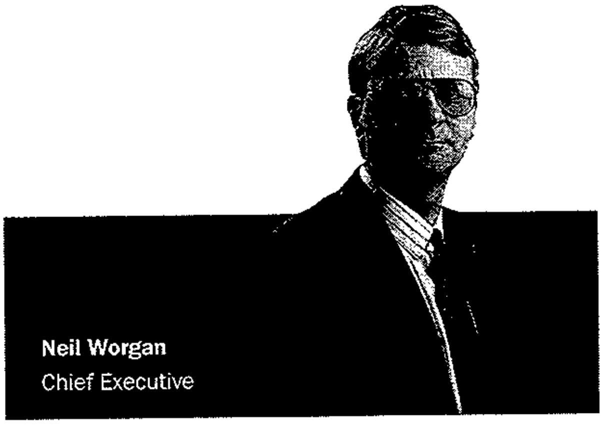
Progress was made at Aspen Preprint with the continuation of our strategy to move the company into more complex products from its traditional business forms market. During the year important new clients were won and 25% of turnover came from new products compared with 15% in 1992. Although profits were lower as a result of weak



Examples of Aspen Preprint's specialised products for European Community and British based clients

ensord, the leading business magazine
nter, has over 90 magazine contracts
th its publishers.

:hief Executive's Review



Neil Worgan
Chief Executive

n highly competitive markets in 1993 Aspen's group profits before :xceptional items reduced to £1.28 million (1992: £2.34 million). n consequence further cost reductions were made and markedly mproved operating results followed in the second half of the year.

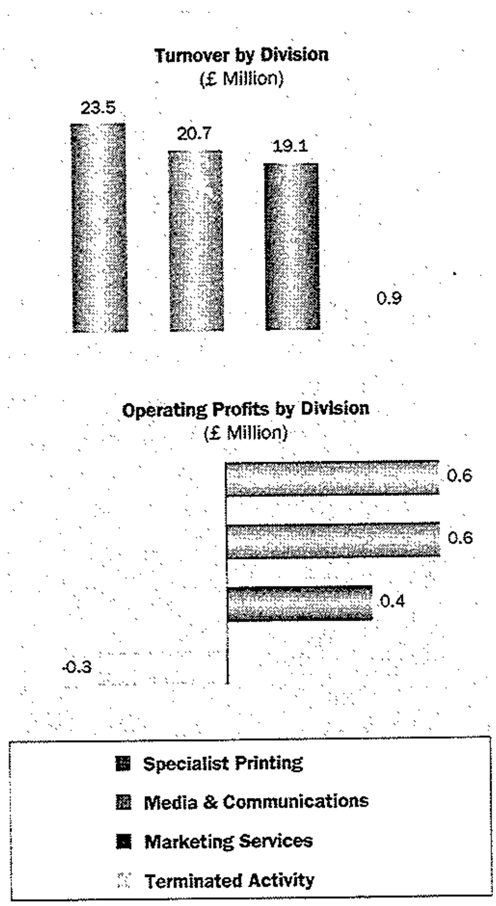
)uring the year the care of our customers was an rea of determined focus across the group which ontributed to market share growth and an increase ı turnover to £64.2 million (1992: £60.3 million).

)ver the last four years the group has invested :8.5 million in new capital expenditure. This ıvestment has left the group well able to benefit rom improved market conditions. We are now in the osition of having companies with modern and efficient plant and equipment at a time when volume nd profits should increase with growth in the conomy.

Continuing investment has been made in developing he group in a number of significant areas and on ıew projects. Sales and marketing effort was ncreased particularly in our Specialist Printing and Media and Communications divisions. Product development expenditure was high within radio communications as new products were launched. New projects continued with the accelerated development of our direct insurance operation and of our printed mailing products. Within our media companies, new products were both launched and acquired.

At present the group's management is concentrating on improving our profit margins. Further out our experience in the technologies of printing, television and electronic media and databases provides us with considerable opportunity.

It is pleasing to report that during the final quarter of 1993 and in the first few months of the current year a number of our markets have shown signs of improvement. More stable demand has been seen in areas of each of our divisions.



Directors and Advisers

Directors

1 **Henry Meakin,** 50, Executive Chairman. He was a founding director in 1969, and became Group Managing Director in 1975 and Chairman in 1979. He is a founding director and Chairman of GWR Group. He is a director of Classic FM PLC, and was its founding Chairman 1991–1993.

2 **Neil Worgan,** 41, Chief Executive. A chartered accountant, he was a senior manager with Peat Marwick Mitchell before joining Aspen as Finance Director in 1983. He was appointed Joint Chief Executive in 1989 and Chief Executive in 1991.

3 **Edward Balding,** 47. He trained in radio communications. Before founding Cleartone in 1978 he was with Storno Radiotelephone for eight years. He joined Aspen in 1983 and was appointed to the board in 1986.

4 **Andrew McRae,** 35, Finance Director. A chartered accountant, he joined Aspen as a divisional Finance Director in 1989 and was appointed Group Financial Controller in 1991. He was appointed to the board in 1993.

5 **Ian Vinall,** 44, Chief Executive Specialist Printing Division. Formerly with Oxley Group, he joined Aspen in 1989 when the company acquired Heanor Gate Printing Limited. He was appointed to the board in 1994.

6 **Peter John Threlfall,** 51. He has been a shareholder and non executive director since 1975. A management consultant, he is the former Managing Director of Wentgate Engineering.

7 **James Salmon, OBE,** 53. He was appointed a non executive director in March 1994. He was Managing Director of Crosfield Electronics from 1983–1992 and Deputy Chief Executive of The De La Rue Company from 1987–1989.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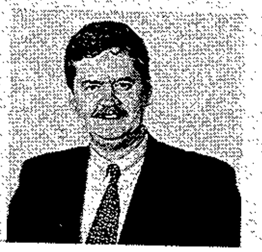
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Advisers

Secretary and registered office

A J McRae
Aspen House
Thomas Street
Cirencester
Gloucestershire GL7 2AX

Registered in England
No. 663645

Auditors

KPMG Peat Marwick
Welsh Street Chambers
Chepstow
Gwent NP6 5LN

Bankers

National Westminster
Bank Plc
21 Lombard Street
London EC3P 3AR

Société Générale
37 Corn Street
Bristol BS99 7ET

Bank of Scotland
38 Threadneedle Street
London EC2P 2EH

Singer & Friedlander
Limited
21 New Street
Bishopsgate
London EC2M 4HR

Stockbrokers

NatWest Wood Mackenzie
& Co Limited
135 Bishopsgate
London EC2M 3XT

Solicitors

Nicholson Graham & Jones
25-31 Moorgate
London EC2R 6AR

Registrars

Barclays Registrars
34 Beckenham Roa
Beckenham
Kent BR3 4TU

London Post rose to fourth position in the Producers' Poll as carried out by Televisual Magazine. In business communications the company's move to add marketing consultancy services has yielded positive results. In addition to winning another industry award for a Glaxo production, new clients include Esso, Superdrug, Volvo and Rank Xerox. Our radio communications company Cleartone expanded production and added to its range of PMR products for the police, fire and ambulance services. This is a market area with significant potential. The company's latest cellular product is planned to launch later in the autumn.

In the **Marketing Services** division Aspen Field Marketing has much improved its potential and has won significantly increased budgets from several large clients for 1994. In book marketing we are now the largest supplier of books to supermarkets in the UK.

In the United Kingdom, Aspen Direct's major achievement was the direct marketing launch of the Saab 900 series in 24 international markets. Alongside the introduction of new information systems, important client gains include Guardian Insurance, Marks & Spencer, Ideal Standard and Compuserve. In Holland, Aspen-Veenhuizen moved premises whilst reducing its cost base to reflect weak economic conditions.

Aspen's direct insurance broking activity gathered momentum during 1993 with the launch of home and contents products for 'third age' people under the RIAS brand. A telephone marketing and administration centre was opened in January 1994 and a motor insurance product is soon to be launched.

Board

In January we were pleased to welcome Ian Vinall to the board and to the new position of Chief Executive of our printing division. Ian has been with the group since 1989 as Managing Director of Heanor Gate Printing. Nick Alwyn retired from the board and we thank him for his valuable contribution to the group since 1986 and send him our best wishes.

As recently announced we are delighted that James Salmon OBE (aged 53) is joining the board as a non executive director. He is an electronics engineer who latterly spent 15 years with The De La Rue Company plc where he was Deputy Chief Executive from 1987-1989. He was also Managing Director of Crosfield Electronics Ltd, a subsidiary of De La Rue, from 1983-1992.

Staff

The group's progress would not be possible without very hard work from everyone. Once again the dedication has been impressive and I thank all our teams of people most sincerely for their efforts.

Outlook

During 1993 costs have been cut in order to improve our potential. In the past four years of recession we have set out to reposition our operations towards areas of higher, more secure returns. Recent activity in our markets has been a source of encouragement but reliable trends are not yet evident. Whilst competitive pressures continue we have had a considerably better start to this year and trading is in line with our plans. If recent conditions in our markets continue I believe we shall show much improved returns to our shareholders this year and in future.

Henry Meakin Chairman
23rd March 1994

Chairman's Statement

In my statement to you last year I said that we expected to continue progress despite a difficult environment for our activities in the first quarter. In fact economic conditions in the UK remained challenging and continued to deteriorate in France and to a lesser extent in Holland.

Within this climate we grew our turnover by 6.6% to £64.2 million and profits before tax and exceptional items declined by 45.1% to £1.28 million (1992 £2.34m).

Earnings per share adjusted to exclude exceptional items were 4.2p as against a restated prior year comparative of 11.2p and gearing at the year end improved from 29.6% to 21.3%. The proposed final dividend is 2.9p (1992 2.9p) which together with the 2p already paid is 4.9p the same as last year.

The Media and Communications division's results improved with a better performance from television facilities and radio communications. In Marketing Services progress was made in direct marketing in the United Kingdom and in direct insurance broking. The lower results from the division were attributable to lower profits from field marketing and losses in our Paris agency which was closed. Competitive pressure in our printing markets intensified which impacted on promotional printing and the costs of business magazines were significantly reduced on further weakness.

Following a review of the use of our capital we realised the profit on our investment in commercial radio. Against a background of consolidation and selected cost reductions we continued to develop new markets. Investment in capital assets was boosted by 73% to £2.8million.

Developments

In **Specialist Printing** Heanor Gate grew its market share and again won national awards for the quality of its work. Its latest expansion phase recently commenced by opening its third site in Derbyshire. Trends in Aspen Preprint are encouraging and investment in two new multi-colour presses provide added potential. Both these companies have started to win work from continental European countries. At Pensord Press new digital graphics technology has been added to speed the links with its growing list of publishing clients.

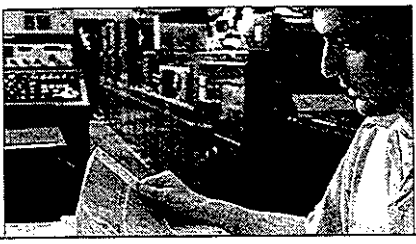
In **Media and Communications** activities in the Post Office continue to grow. Active Life, the magazine for over 55's is progressing well and this year it is expected to reach some three million 'third age' readers. QTV is being relaunched with a new programme format called Direct Response Television. Major clients are increasing their spend with the Counterpoint national information and promotional leaflet service. Tests are now being carried out for the launch of a similar service in London Underground offices. Our plans to own magazine titles moved forward with the purchase of Boardroom, the London lifestyle magazine with a prestigious readership.

In an active year Spafax developed longer term contracts with all its major airline clients; British Airways, Singapore Airlines, Air Canada and Emirates. The company's prospects in multi channel TV and interactivity on seat back screens were enhanced by the acquisition in North America of IMI which has 32 airline media contracts.

Aspen's television facilities companies added new camera and post production technology services. In addition to winning a number of industry awards

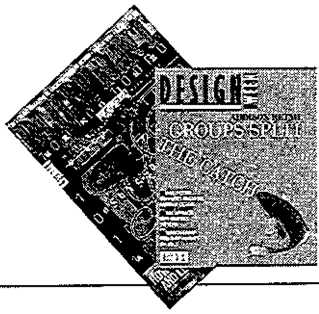
Forms and Mailing Products

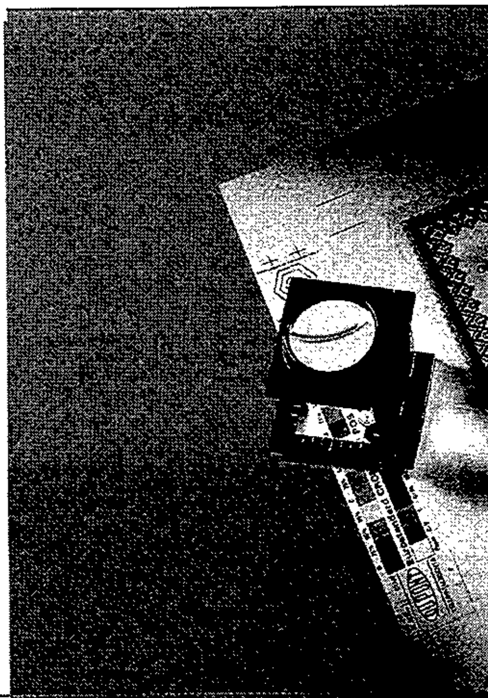
A leading UK producer of forms and mailing products from web presses. Products include invoices, statements and cheques. Recent investments produce multicoloured mailing products for major international users.



Magazine Printing

One of the most specialised sheet fed printers of business and professional magazines in the UK, producing and mailing over 90 weekly or monthly periodicals and an increasing amount of commercial printing products.

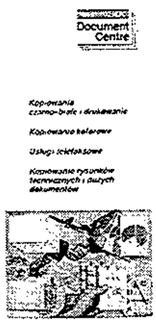




Television Facilities

A highly rated provider of post production editing services to programme producers. The largest independent television camera and crewing company in the United Kingdom.

Aspen Business Communications

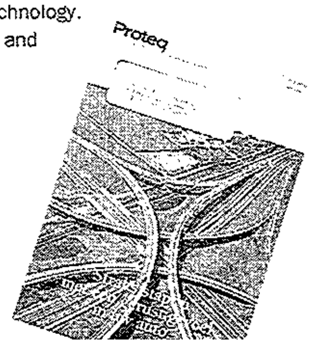


Employee and marketing communications consultancy services are provided to many of Britain's largest companies.

Radio communications products are specified and distributed in the UK. The largest specialised product range is for the police and emergency services. Portable cellular products are marketed.

Direct Marketing

Leading agencies in London and Amsterdam promote the sale of products by direct marketing in financial services, motor, information technology, entertainment and retail sectors.



Direct Insurance

Home and contents and motor insurance policies under the RIAS brand are promoted to the 'over 55' market by direct marketing and telephone administration services.

Specialist Printing

The printing companies produce high quality products in specialised markets which include promotional printing, forms and mailing products and business magazine printing and mailing.

Promotional Printing
One of the largest quality sheet fed printing companies in Britain. Products include brochures and catalogues, annual reports, part works and Government printed material including the Environment Bill and the Patients Charter.

Media and Communications

The division operates television and print media for both the global airline industry and the UK Post Office. It serves the TV production industry and creates business communications products for major companies. A specialised range of radio telephone products is distributed in the UK.

Media
The world leader in providing airlines with inflight multi-channel screen entertainment and advertising. A leader in UK Post Offices with television, DRTV, a national leaflets service, Counterpoint, and an 'over 55's' magazine, *Active Life*.

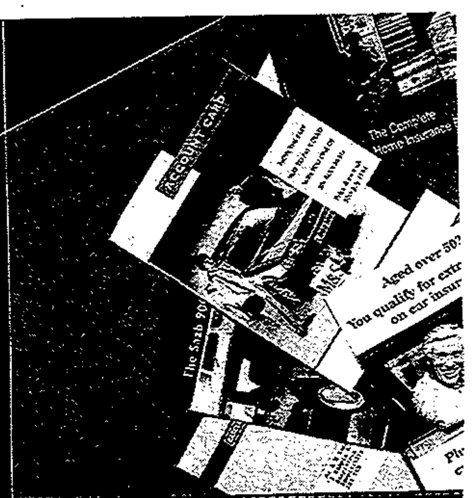
Marketing Services

A number of key services are provided to the marketing departments of large manufacturing and service companies. The services include direct marketing strategic planning and implementation and sales representation in retail outlets.

Field Marketing
One of Britain's largest field marketing agencies representing major consumer goods manufacturers at point of sale. The leader in distribution of books to supermarkets in the UK.

Aspen Communications provides media and communications services to over 3,000 business customers. Its particular skill lies in understanding its clients' needs and in delivering to them creative products to the highest standards. Aspen's products are mainly in print, video and electronic screen based media and are well positioned to take advantage of the increasing application of digital technology. The group sets out to provide a stimulating and challenging working environment where there is a determination to achieve profitable growth of the company. The company aims to achieve leadership in its chosen market areas and thereby reward its shareholders and its people.

	1993	1992
Turnover	£64.2m	£60.3m
Profits before tax & exceptional items	£1.28m	£2.34m
Earnings per share (adjusted)	4.2p	11.2p
Dividends per share	4.9p	4.9p
Capital Expenditure	£2.80m	£1.62m

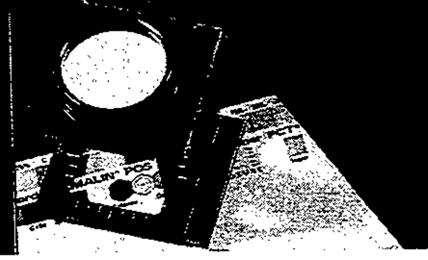


Report

and

Accounts

1993



Printed in England by Heanor Gate Printing An ASPEN COMMUNICATIONS PLC Company

Designed and produced by Design Plus Management Ltd.

Notice of Annual General Meeting

Notice is hereby given that the 1995 Annual General Meeting will be held at the offices of NatWest Wood Mackenzie & Co. Limited, 135 Bishopsgate, London EC2M 3XT on Thursday 1st June at 10.30 am to transact the following business:-

1. To receive and adopt the directors' report and audited financial statements for the year ended 31st December 1994.

2. To declare a final dividend.

3. To re-elect as a director of the Company Mr H. P. J. Meakin who is retiring by rotation.

4. To re-elect as a director of the Company Mr P. J. M. Threlfall who is retiring by rotation.

5. To re-appoint KPMG as auditors of the Company and to authorise the directors to fix their remuneration.

6. To consider as special business and, if thought fit, to pass the following resolutions each of which will be proposed as a special resolution:-

   (A) That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of its own ordinary shares on a recognised investment exchange of up to an aggregate of 1,397,700 ordinary shares of 5p each at a price per ordinary share which is (i) not more than 105 per cent of the average of the middle market quotations in respect of the Company's ordinary shares for the ten business days immediately preceding the day of purchase and (ii) not less than 5p (exclusive in each case of expenses and advance corporation tax (if any) payable by the Company) and otherwise on such terms and in such manner as the directors may from time to time determine provided that this resolution shall unless previously varied, revoked or renewed expire on 25th August 1996 except in relation to a purchase of shares the contract for which shall have been made before that time and this authority shall replace the authority conferred by the special resolution to the like effect passed on Friday 27th May 1994, the latter being hereby revoked.

   (B) That the directors be and are hereby generally authorised and empowered pursuant to Section 95 of the Companies Act 1985 (including any modification or re-enactment thereof for the time being in force) during the period expiring at the conclusion of the Annual General Meeting of the Company in 1996 to allot equity securities (as defined in section 94 of the said Act) pursuant to the authority conferred on them from time to time as if sub-section (I) of Section 89 of the said Act did not apply thereto, and to make any offer or agreement during such period which would or might require such securities to be allotted after the expiry of such period and to implement the same provided that this power shall be limited to the allotment of equity securities:-

      (a) pursuant to a rights issue made in accordance with Sections 89 and 90 of the said Act save only that the directors shall have the right:-

         (i) to make such exclusions or other arrangements as they deem necessary or expedient to deal with any problems which may arise in relation to such rights issue under the laws of any territory or the requirements of any regulatory body or Stock Exchange in any territory;

         (ii) to offer equity securities to persons holding equity securities other than ordinary shares on the basis of their rights to receive such offer; and

         (iii) to aggregate and sell for the benefit of the Company equity securities representing fractional entitlements which may arise pursuant to the rights issue;

      (b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount equal to 5 per cent of the nominal amount at the relevant time of the Company's issued share capital.

By Order of the Board
A. J. McRae, Secretary
23rd March 1995

Notes

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company and the appointment of a proxy will not preclude a member from attending and voting at the meeting. A form of proxy is enclosed for this purpose.

2. The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed (or a duly certified copy of such power or authority) must be lodged with the Company's Registrars not later than 48 hours before the time for holding the meeting.

3. The register of directors' shareholdings and a copy of all service contracts with directors of the Company will be available for inspection at the registered office of the Company during normal business hours until the date of the meeting and also at the place of the meeting for at least 15 minutes prior to and during the meeting.

Registered Office:
Aspen House, Thomas Street, Cirencester, Gloucestershire GL7 2AX

Financial Record

	1990 £000	1991 £000	1992 £000	1993 £000	**1994 £000**
Trading results					
Turnover	62,761	55,628	60,261	64,215	**69,910**
Operating profit before exceptional items	4,865	2,583	2,876	1,630	**2,881**
Exceptional items	(378)	(440)	(510)	(1,123)	**(25)**
Operating profit after exceptional items	4,487	2,143	2,366	507	**2,856**
Net interest payable	(383)	(440)	(539)	(350)	**(354)**
Restructuring and closure costs	(1,003)	-	-	-	-
Profit on ordinary activities before taxation	3,101	1,703	1,827	157	**2,502**
Taxation	(1,021)	(600)	(640)	(511)	**(878)**
Profit/(loss) on ordinary activities after taxation	2,080	1,103	1,187	(354)	**1,624**
Minority interests	(32)	(62)	(76)	(2)	**(53)**
Profit/(loss)for the financial year	2,048	1,041	1,111	(356)	**1,571**
Dividends	(1,048)	(635)	(635)	(666)	**(748)**
Profit/(loss) retained for the year	1,000	406	476	(1,022)	**823**
Capital employed					
Fixed assets	11,837	11,534	11,276	10,373	**11,983**
Net current assets	1,060	936	2,624	3,712	**2,597**
Other liabilities	(1,704)	(2,077)	(3,398)	(2,835)	**(1,999)**
Shareholders' funds	11,193	10,393	10,502	11,250	**12,581**
Statistics					
Earnings per share (p)	16.0	8.0	8.6	(2.6)	**11.5**
Dividends per share (p)	8.1	4.9	4.9	4.9	**5.35**

The financial record for 1990 to 1992 has been restated to comply with the requirements of FRS 3.

Financial Calendar

Annual General Meeting	1st June 1995
Dividend record date	19th May 1995
Final dividend payment	16th June 1995
Interim results announced	September 1995
Interim dividend payment	October 1995
Preliminary announcement of final 1995 results	March 1996
1995 report and accounts despatched to shareholders	May 1996

Statement of Directors' Responsibilities
and the Report of the Auditors

Statement of directors' reponsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the 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 Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Report of the auditors to the members of Aspen Communications PLC

We have audited the financial statements on pages 18 to 29 .

Respective responsibilities of directors and auditors

As described above the Company's directors are responsible for the preparation of the 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 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 affairs of the Company and the Group at 31st December 1994 and the profit of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors
Welsh Street Chambers
Chepstow
Gwent
NP6 5LN

23rd March 1995

Notes to the Financial Statements

28. Purchase of subsidiary undertaking

Details of the net assets of Litharne Publishing Limited, 100% of which was acquired during the year are as follows:

	£000
Tangible fixed assets	110
Intangible fixed assets	46
Stock	291
Debtors	777
Cash	1
Creditors	(1,123)
Net assets acquired	102
Publishing rights acquired	550
Total assets acquired	652
Consideration, including costs	
Cash	(102)
Shares issued	(550)
Total consideration	(652)
Goodwill arising on acquisition	-
Other costs incurred during the year	115
Total goodwill written off	115

Aspen Litharne Publishing contributed profit before taxation of £50,000 in the post acquisition period ended 31st December 1994 and incurred losses before taxation of £229,000 in the ten month period ended 31st December 1994.

29. Net cash inflow from operating activities

The reconciliation of operating profit to net cash inflow from operating activities of the Group may be summarised as follows:

	1994 £000	1993 £000
Operating profit before interest	2,691	1,030
Depreciation	2,224	2,364
Profit on sale of tangible fixed assets	(71)	(52)
Release of regional development grants	(50)	(55)
Share of associated undertaking	-	(30)
Currency adjustment	27	55
(Increase) in stocks	(602)	(2,152)
(Increase) in debtors	(1,791)	(2,055)
Increase in creditors	4,386	4,052
Net cash inflow from operating activities	6,814	3,157

30. Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertaking

	1994 £000
Cash consideration	102
Cash acquired	1
Net outflow of cash arising from acquisition	101
Other acquisition costs	115
Net outflow of cash	216

31. Analysis of changes in cash and cash equivalents

Cash balance	£000
As at 1st January 1993	1,410
Net cash inflow	676
Balance at 1st January 1994	2,086
Net cash inflow	472
Balance at 31st December 1994	2,558

32. Analysis of changes in financing

	Share capital including premium £000	Loans and finance liabilities £000
As at 1st January 1993	2,985	4,512
Issue of shares for cash (net of expenses)	1,100	-
Unsecured loan repayment	-	(500)
Repayment of amounts borrowed	-	(57)
Hire purchase facilities received	-	932
Capital element of finance liabilities	-	(403)
Balance at 31st December 1993	4,085	4,484
Issue of shares for cash (net of expenses)	71	-
Issue of shares on acquisition of subsidiary undertaking	550	-
Unsecured loan repayment	-	(2,000)
Repayment of amounts borrowed	-	(102)
Hire purchase facilities received on acquisition	-	40
Hire purchase facilities received	-	1,112
Capital elements of finance liabilities	-	(699)
Balance at 31st December 1994	4,706	2,835

33. Post balance sheet event

On 12th January 1995, one of the Company's subsidiary undertakings, Spafax Airline Network Limited acquired the entire issued share capital of RCI (UK) Limited, an airline inflight media sales company for a sum of £40,000, satisfied in cash.

On 22nd March 1995, Spafax Airline Network Limited acquired the total minority interest in Spafax Airline Network Inc and Spafax Canada Inc for a sum of US $200,000, satisfied in cash. The minority shareholding was previously held by F Michael Perkins, a director of Spafax Airline Network Limited.

Notes to the Financial Statements

21. Deferred taxation (continued)

The above represents the provision for deferred taxation to the extent that it is probable that an actual liability will crystallise. The following amount of deferred taxation has not been provided as the directors do not consider that the liability will arise in the foreseeable future:

	Group		Company	
	1994	1993	**1994**	1993
	£000	£000	**£000**	£000
Capital allowances and other timing differences	**86**	-	**-**	-
Roll over relief on disposal of properties	**145**	145	**145**	145
	231	145	**145**	145

22. Minority interest

Movements during the year were:	**£000**
At 1st January 1994	238
Minority share in profits for the financial year	53
Dividends paid	(61)
At 31st December 1994	**230**

Minority interest relates solely to the equity interest of subsidiary undertakings.

23. Called up share capital

	1994	1993
Authorised	**£000**	£000
20,000,000 ordinary shares of 5p each	**1,000**	1,000
Issued		
Allotted, called up and fully paid 13,977,930 (1993: 13,587,000) ordinary shares of 5p each	**699**	679

Movements in issued share capital during the year were:		**No. Shares**
	£000	**000**
At 1st January 1994	679	13,587
Shares issued on acquisition of subsidiary undertaking	16	323
Share options exercised	4	68
At 31st December 1994	**699**	**13,978**

Under the terms of the Executive and Staff Share Option Schemes, options to subscribe for the Company's shares have been granted to employees, including directors as shown below. The options are exercisable not earlier than three years nor later than ten years from the date of grant.

The total options issued under the schemes and outstanding at 31st December 1994 were as follows:

Year of grant	**No. of shares outstanding**	**Option price**	**Exercise period**
1987	84,250	316p - 358p	1990 - 1997
1988	13,650	436p -514p	1991 - 1998
1989	77,150	375p - 488p	1992 - 1999
1990	441,100	100p - 168p	1993 - 2000
1991	490,050	85p - 100p	1994 - 2001
1992	74,350	114p	1995 - 2002
1994	62,000	145p - 170p	1997 - 2004

24. Share premium account

Movements in share premium during the year were:	£000
At 1st January 1994	3,406
Arising on shares issued in the year	601
At 31st December 1994	**4,007**

25. Profit and loss account

	Group	**Company**
	£000	£000
At 1st January 1994	7,165	1,564
Retained profit/(loss) for the year	823	(511)
Goodwill written off (Note 28)	(115)	-
Currency adjustment	2	-
At 31st December 1994	**7,875**	**1,053**

The cumulative amount of goodwill resulting from acquisitions in the current and earlier financial years which has been written off is £25,586,000 (1993: £25,471,000). Of this amount £22,412,000 has been written off against merger reserve.

26. Operating lease commitments

At 31st December 1994 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	**Other**
	£000	**£000**
Operating leases which expire:		
Within one year	58	293
In the second to fifth years inclusive	476	594
Over five years	749	-

The majority of leases of land and buildings are subject to periodic rent reviews every four or five years.

27. Contingent liabilities

(a) The Company has guaranteed a letter of credit and loan facility available to a subsidiary undertaking. The amount outstanding at 31st December 1994 was £3,263,172 (1993: £362,689).

(b) Additional consideration may be due to the vendor of Aspen Veenhuizen Direct BV, a company acquired in 1992. The maximum payment that may be made is £440,000.
The vendor, who left the company at the beginning of 1993, is claiming payment of the maximum sum. The directors do not believe that the maximum sum is payable and intend to defend the claim vigorously.

(c) Additional consideration may also be due to the vendors of Aspen Litharne Publishing Limited, a company acquired during the year. Any such additional payments are based upon the trading results of the company in each of the years ending 31st July 1995 and 31st July 1996 respectively and cannot exceed £1.3 million in aggregate.

(d) The Company has entered into a number of contracts in the normal course of business to purchase foreign currency during 1995. The total liability under these contracts amounts to £769,000.

Notes to the Financial Statements

15. Stocks

	Group 1994 £000	Group 1993 £000
Raw materials and consumables	1,277	852
Work in progress	2,139	1,617
Finished goods	1,784	1,838
	5,200	4,307

16. Debtors

	Group		Company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Due within one year:				
Trade debtors	13,638	13,954	-	-
Amounts owed by subsidiary undertakings	-	-	7,938	6,974
Other debtors	3,327	1,171	374	246
Prepayments and accrued income	1,571	1,530	290	158
	18,536	16,655	8,602	7,378
Due after more than one year:				
Other debtors	1,431	622	-	-
Total debtors	19,967	17,277	8,602	7,378

17. Cash at bank

Cash at bank includes £1,242,000 relating to an insurance broking account maintained by one of the Company's subsidiary undertakings.

18. Creditors

	Group		Company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Amounts falling due within one year:				
Secured term loans	-	95	-	-
Bank overdrafts	-	-	2,674	2,170
Unsecured bank loans	1,000	2,000	1,000	2,000
Trade creditors	15,785	9,169	-	-
Amounts owed to subsidiary undertakings	-	-	7,371	3,780
Corporation tax	1,167	666	3	472
Other taxes and social security	2,038	1,578	(2)	40
Accruals	3,894	5,525	771	545
Finance liabilities	797	530	22	2
Proposed dividend	447	395	447	395
	25,128	19,958	12,286	9,404

19. Creditors

	Group		Company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Amounts falling due after more than one year:				
Unsecured bank loans	-	1,000	-	1,000
Other loans	69	76	-	-
Finance liabilities	969	783	28	6
	1,038	1,859	28	1,006
Analysis of loan repayments:				
Other loans				
Between one and two years	69	76	-	-
Between two and five years	-	-	-	-
	69	76	-	-
Finance liabilities				
Between one and two years	735	408	22	6
Between two and five years	234	375	6	-
	969	783	28	6

20. Deferred income

Movements during the year on regional development grants were:

	Group £000
At 1st January 1994	150
Released to profit and loss account	(50)
At 31st December 1994	100

21. Deferred taxation

Movements during the year were:

	Group £000	Company £000
At 1st January 1994	588	(115)
Charged to profit and loss account	40	-
Advance corporation tax recoverable	3	3
At 31st December 1994	631	(112)

The amounts provided for deferred taxation calculated under the liability method at 33% (1993: 33%) are as follows:

	Group		Company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Capital allowances and other timing differences	743	703	-	-
Advance corporation tax	(112)	(115)	(112)	(115)
	631	588	(112)	(115)

Notes to the Financial Statements

11. Earnings per share

Earnings per share are calculated on the profit on ordinary activities after taxation and minority interests on 13,621,034 5p ordinary shares, being the weighted average number of shares in issue throughout 1994 (1993: 13,563,975).

An alternative figure for earnings per share is disclosed based on the results of continuing operations excluding exceptional items. This alternative figure is intended to demonstrate recurring elements of the results of the Group after eliminating certain exceptional items that arose in the year.
Fully diluted earnings per share are not materially different from earnings per share as disclosed.

12. Intangible fixed assets

Intangible assets comprise publishing rights and titles and the movement was as follows:

	£000
At 1st January 1994	136
Arising on acquisition (Note 28)	550
Held by subsidiary undertaking (Note 28)	46
Added in year	112
At 31st December 1994	**844**

On 5th August 1994, the Company acquired 100% of the issued share capital of Litharne Publishing, a publisher of women's craft and hobby magazines. The acquisition was satisfied by the issue of 323,530 new ordinary shares of 5p each at a price of 170p. The company has since changed its name to Aspen Litharne Publishing and has been merged within the operations of Aspen Specialist Media.

13. Tangible fixed assets

	Properties Freehold	Properties Leasehold	Plant and equipment	Motor vehicles	Total
The Group	£000	£000	£000	£000	£000
Cost					
At 1st January 1994	1,540	2,478	17,056	1,548	22,622
Acquisition of subsidiary undertaking	-	-	186	24	210
Additions	1	209	2,444	545	3,199
Disposals	-	(9)	(1,272)	(454)	(1,735)
Currency	-	(12)	(27)	-	(39)
At 31st December 1994	**1,541**	**2,666**	**18,387**	**1,663**	**24,257**
Depreciation					
At 1st January 1994	-	640	10,875	870	12,385
Acquisition of subsidiary undertaking	-	-	90	10	100
Charge for the year	-	236	1,650	338	2,224
Released on disposal	-	(6)	(1,200)	(371)	(1,577)
Currency	-	(2)	(13)	1	(14)
At 31st December 1994	**-**	**868**	**11,402**	**848**	**13,118**
Net book value 1994	**1,541**	**1,798**	**6,985**	**815**	**11,139**
Net book value 1993	1,540	1,838	6,181	678	10,237

The net book value of plant and equipment at 31st December 1994 includes £2,161,000 (1993: £1,395,000) in respect of assets held under finance leases and hire purchase agreements. The depreciation thereon was £319,000 (1993: £295,000).

	Properties Freehold	Properties Leasehold	Plant and equipment	Motor vehicles	Total
The Company	£000	£000	£000	£000	£000
Cost					
At 1st January 1994	117	56	347	146	666
Additions	-	12	31	79	122
Disposals	-	-	(10)	(48)	(58)
At 31st December 1994	**117**	**68**	**368**	**177**	**730**
Depreciation					
At 1st January 1994	-	37	304	130	471
Charge for the year	-	11	17	35	63
Released on disposal	-	-	(10)	(48)	(58)
At 31st December 1994	**-**	**48**	**311**	**117**	**476**
Net book value 1994	**117**	**20**	**57**	**60**	**254**
Net book value 1993	117	19	43	16	195

Future capital expenditure

Amounts not provided for in the financial statements	**1994 £000**	1993 £000
Authorised and committed	**2,907**	165
Authorised but not committed	**766**	195
	3,673	360

14. Investments

	Company **1994 £000**	Company 1993 £000
Cost of subsidiary undertakings	**31,505**	30,738

The Company's principal trading subsidiary undertakings are as follows. The country of registration or incorporation is England and Wales unless otherwise indicated.

Name of company	**Country of registration (or incorporation) and operation**	**Proportion of shareholding %**
Aspen Business Communications PLC		100
Spafax Airline Network Limited		55
London Post Limited		100
Crystal Film & Video Limited		86
Aspen Specialist Media PLC		100
Cleartone Telecoms PLC		100
Pensord Press Limited		100
Aspen Preprint Limited		100
Heanor Gate Printing Limited		100
Aspen Field Marketing Limited		100
Aspen Direct Limited		100
Aspen Insurance Brokers Limited		100
Aspen Veenhuizen Direct BV	Netherlands	89

Notes to the Financial Statements

6. Staff numbers and costs

The average number of persons employed by the Group, including directors, during the year was as follows:

	1994 No.	1993 No.
Management and administration	262	207
Production and sales staff	1,423	1,109
	1,685	1,316

The aggregate payroll costs of these persons were as follows:

	1994 £000	1993 £000
Wages and salaries	21,249	19,234
Social security costs	1,991	1,850
Pensions and other costs	464	451
	23,704	21,535

As explained in the accounting policies set out on page 23 the Group operates both a defined contribution and a defined benefit pension scheme.

The schemes' funds are administered by trustees and are independent of the Group's finances. As at 1st July 1992 the directors were advised that the defined benefit scheme was adequately funded. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries. Current funding rates for the Group are 7% for the defined benefit scheme and 5% for the defined contribution scheme.

7. Directors remuneration

The amount of directors' remuneration payable during the year was as follows:

	1994 £000	1993 £000
Fees	10	-
Salary	381	350
Other emoluments	26	21
Pension contributions	56	34
Performance related incentive payments	19	15
	492	420

The executive directors are paid basic salaries and can also earn an incentive payment based on achievement of profit targets. These payments are restricted to 35% of basic salary.

The emoluments of the Chairman and the highest paid director were as follows:

	1994 £000	1993 £000
Chairman		
Salary	70	70
Car and other benefits	7	6
Performance related incentive payments	10	-
Pension contributions	36	9
Amount contributed by GWR Group PLC and Classic FM PLC	(46)	(20)
	77	65

	1994 £000	1993 £000
Highest paid director		
Salary	85	85
Car and other benefits	5	3
Salary arrears in respect of earlier years	10	10
Performance related incentive payments	15	-
Pension contributions	6	6
	121	104

Directors emoluments, excluding pension contributions and including the Chairman and the highest paid director were within the following ranges:

	1994 No.	1993 No.
£Nil - £5,000	1	1
£10,001 - £15,000	1	-
£60,001 - £65,000	-	1
£65,001 - £70,000	1	1
£75,001 - £80,000	1	1
£80,001 - £85,000	1	-
£85,001 - £90,000	-	1
£95,001 - £100,000	2	1
	7	6

8. Taxation

The Group provision for taxation, based on profits for the year, comprises:

	1994 £000	1993 £000
Corporation tax at 33%	796	396
Overseas taxation	42	44
Deferred taxation	40	61
Share of taxation of associated undertaking	-	10
	878	511

9. Profit/(loss) for the financial year

	1994 £000	1993 £000
Dealt with in the financial statements of the Company	237	769
Retained by subsidiaries	1,334	(1,125)
	1,571	(356)

10. Dividends

	1994 £000	1993 £000
Interim ordinary dividend paid during the year (2.15p per share)	301	271
Proposed final ordinary dividend at 31st December 1994 (3.2p per share)	447	395
	748	666

Notes to the Financial Statements

1. Analysis of Turnover, Profits and Net assets

Divisional Analysis	Turnover		Profit		Net assets	
	1994	1993	1994	1993	1994	1993
	£000	£000	£000	£000	£000	£000
Specialist Printing	26,005	23,531	1,328	573	8,048	7,587
Marketing Services	19,026	19,140	761	388	2,998	2,786
Media and Communications	24,879	20,616	839	548	3,278	3,153
Management company	-	-	(237)	(170)	-	-
Terminated activity	-	928	-	(339)	-	-
Turnover	69,910	64,215				
Operating profit			2,691	1,000		
Income from associate			-	30		
Non-operating items			165	(523)		
Net interest payable			(354)	(350)		
Profit before taxation			2,502	157		
Divisional net assets					14,324	13,526
Less: Unallocated net debt					(1,743)	(2,276)
Net assets					12,581	11,250

Geographical Analysis	Turnover		Profit		Net assets	
	1994	1993	1994	1993	1994	1993
	£000	£000	£000	£000	£000	£000
UK	65,256	55,965	2,799	1,336	13,657	12,763
Europe	3,755	6,215	139	176	792	592
USA and Canada	899	1,107	(247)	(173)	(125)	171
Terminated activity	-	928	-	(339)	-	-
	69,910	64,215	2,691	1,000	14,324	13,526

The above table shows turnover and operating profit analysed by the destination to which products and services are supplied.

Geographical Source of Turnover	Total by Source		Inter-divisional		Turnover	
	1994	1993	1994	1993	1994	1993
	£000	£000	£000	£000	£000	£000
UK	69,662	60,799	2,416	1,762	67,246	59,037
Europe	1,783	4,074	-	3	1,783	4,071
USA and Canada	881	1,135	-	28	881	1,107
	72,326	66,008	2,416	1,793	69,910	64,215

2. Cost of sales and operating expenses

	Ongoing activities	Terminated activity	1994	Ongoing activities	Terminated activity	1993
	£000	£000	£000	£000	£000	£000
Cost of sales	47,085	-	47,085	44,804	410	45,214
Operating expenses	20,134	-	20,134	17,144	857	18,001

The total figures for ongoing activities in 1994 include the following amounts relating to acquisitions:
Cost of sales £819,000 and net operating expenses £352,000.
Operating expenses on ongoing activities comprise the following :

	1994	1993
	£000	£000
Redundancy costs	190	342
Sales and administrative expenses	19,944	17,659
Operating expenses	20,134	18,001

3. Terminated activity

Terminated activity comprised the following:

	1994	1993
	£000	£000
Gain on disposal of associated undertaking	-	1,098
Loss arising on terminated activity	-	(1,621)
	-	(523)

4. Interest payable less receivable

	1994	1993
Payable:	£000	£000
on bank loans, overdraft and other loans repayable		
within five years	287	298
on finance liabilities	96	94
	383	392
Receivable	(29)	(42)
	354	350

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging or (crediting) the following:

	1994	1993
	£000	£000
Depreciation	2,224	2,364
Profit on sale of tangible fixed assets	(71)	(52)
Auditors' remuneration:		
Audit	76	65
Other services	65	35
Hire of plant and machinery	38	127

Fees paid to the auditors and included in the costs of acquisition relating to Litharne Publishing Limited amounted to £35,000.

Accounting Policies

The principal accounting policies consistently applied in the preparation of the financial statements of the Group are described below.

Basis of accounting
The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

Basis of consolidation
The consolidated financial statements deal with the state of affairs and results of the Company and all its subsidiary undertakings.

The results of subsidiary undertakings acquired or disposed of are included from or until the effective date of acquisition or disposal. Where merger relief, in accordance with the provisions of Section 131 of the Companies Act 1985 is applicable, a merger reserve is created and utilised to write off goodwill. In other instances goodwill is written off against retained profits.

The Company has taken advantage of Section 230(3) of the Companies Act 1985 and has not presented a profit and loss account dealing with its own results.

Turnover
Turnover represents sales to third parties net of returns and allowances and excludes value added tax.

Depreciation
Depreciation is provided to write off the cost of fixed assets on a straight line basis in equal annual instalments over their estimated useful lives as follows:

Short leasehold property - life of lease
Plant and equipment - 4 to 10 years
Motor vehicles - 4 years

Freehold properties are not depreciated as they are considered to have an estimated useful life in excess of 50 years. It is Group policy to maintain all buildings in good condition and any depreciation involved would not be material. Costs of repairs and maintenance which prolong the useful life of the properties, are charged against revenue in the year in which they are incurred.

Finance leases and hire purchase agreements
Assets acquired under finance leases and hire purchase agreements are capitalised and depreciated in accordance with Group policy. The corresponding finance liability is included within outstanding finance liabilities with the relevant interest proportion being charged to profit and loss account.

Intangible fixed assets
Acquired publishing rights and titles are capitalised and classified within the balance sheet as intangible assets and recorded at cost. Their value is reviewed annually by the directors and provision is made, where appropriate, for any permanent diminution in value.

Stocks
Stocks and work in progress are valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, costs include all production overheads and an attributable proportion of indirect overhead expenses.

Deferred expenditure
Expenditure incurred in respect of the direct marketing of insurance is carried forward and written off against income arising from that business. The expenditure is written off over a maximum period of five years based on the number of policies and the level of renewels.

Foreign exchange transactions
Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

For consolidation purposes the assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the exchange rate at the balance sheet date and at average rates of exchange for the year respectively. Exchange differences arising on these translations are taken to reserves.

Taxation
Taxation charges are computed at the rates applicable to the financial year and take into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

Pension costs
The Group operates defined contribution and defined benefit pension schemes.

The assets of the schemes are held separately from those of the Group in independently administered funds. The amounts charged against profit for the defined contribution scheme represent the contributions payable to the scheme in respect of the accounting period. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread costs of pensions over the employees' working lives with the group.

Statement of Total Recognised Gains and Losses

For the year ended 31st December

	1994 £000	1993 £000
Profit/(loss) for the financial year	**1,571**	(356)
Currency translation differences on foreign currency net investments	**2**	46
Total recognised gains and losses for the year	**1,573**	(310)

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31st December

	Note	1994 £000	1993 £000
Profit/(loss) for the financial year		**1,571**	(356)
Dividends		**(748)**	(666)
		823	(1,022)
Other net recognised gains and losses		**2**	46
Goodwill written off on acquisition	28	**(115)**	(602)
Goodwill written back on terminated activity		**-**	1,226
Shares issued		**621**	1,100
		1,331	748
Shareholders' funds at 1st January 1994		**11,250**	10,502
Shareholders' funds at 31st December 1994		**12,581**	11,250

Cash Flow Statement

For the year ended 31st December

	Note	1994 £000	1993 £000
Net cash inflow from operating activities	29	6,814	3,157
Returns on investment and servicing of finance			
Interest received		29	42
Bank and loan interest paid		(294)	(289)
Interest element of finance liabilities		(96)	(94)
Dividend received from associated undertaking		-	19
Dividends paid		(678)	(647)
Dividends paid to minority interests		(61)	(84)
Net cash outflow from returns on investment and servicing of finance		(1,100)	(1,053)
Taxation			
Taxation paid		(289)	(1,155)
Investing activities			
Purchase of intangible fixed assets		(112)	(136)
Purchase of tangible fixed assets		(3,199)	(2,660)
Purchase of subsidiary undertaking, including costs	30	(216)	(529)
Sale of tangible fixed assets		192	239
Sale of investments		-	1,902
Costs of closure of terminated activity		-	(395)
Net cash outflow from investing activities		(3,335)	(1,579)
Net cash inflow/(outflow) before financing activities		2,090	(630)
Financing			
Unsecured loan repayment	32	(2,000)	(500)
Hire purchase facilities received	32	1,112	932
Regional development grants received		-	6
Repayment of amounts borrowed	32	(102)	(57)
Capital elements of finance liabilities	32	(699)	(403)
Issue of shares	32	71	1,100
Investment by minority		-	228
Net cash (outflow)/inflow from financing		(1,618)	1,306
Increase in cash and cash equivalents	31	472	676

Company Balance Sheet

At 31st December

	Note	1994 £000	1993 £000
Fixed assets			
Tangible assets	13	**254**	195
Investments	14	**31,505**	30,738
		31,759	30,933
Current assets			
Debtors	16	**8,602**	7,378
Cash at bank		**12**	45
		8,614	7,423
Creditors			
Amounts falling due within one year	18	**12,286**	9,404
Net current liabilities		**(3,672)**	(1,981)
Total assets less current liabilities		**28,087**	28,952
Creditors			
Amounts falling due after more than one year	19	**28**	1,006
Provision for liabilities and charges			
Deferred taxation	21	**(112)**	(115)
Net assets		**28,171**	28,061
Capital and reserves			
Called up share capital	23	**699**	679
Share premium account	24	**4,007**	3,406
Merger reserve		**22,412**	22,412
Profit and loss account	25	**1,053**	1,564
Shareholders' funds - equity		**28,171**	28,061

These financial statements were approved by the Board of Directors at a Board Meeting held on 23rd March 1995.

H.P.J. Meakin Director

N.F. Worgan Director

Consolidated Balance Sheet

At 31st December

	Note	1994 £000	1993 £000
Fixed assets			
Intangible assets	12	844	136
Tangible assets	13	11,139	10,237
		11,983	10,373
Current assets			
Stocks	15	5,200	4,307
Debtors	16	19,967	17,277
Cash at bank	17	2,558	2,086
		27,725	23,670
Creditors			
Amounts falling due within one year	18	25,128	19,958
Net current assets		2,597	3,712
Due within one year		1,166	3,090
Debtors due after more than one year		1,431	622
		2,597	3,712
Total assets less current liabilities		14,580	14,085
Creditors			
Amounts falling due after more than one year	19	1,038	1,859
Deferred income	20	100	150
Provision for liabilities and charges			
Deferred taxation	21	631	588
Minority interests - equity	22	230	238
Net assets		12,581	11,250
Capital and reserves			
Called up share capital	23	699	679
Share premium account	24	4,007	3,406
Profit and loss account	25	7,875	7,165
Shareholders' funds - equity		12,581	11,250

These financial statements were approved by the Board of Directors at a Board Meeting held on 23rd March 1995.

H.P.J. Meakin Director

N.F. Worgan Director

Consolidated Profit & Loss Account

For the year ended 31st December

	Note	Before exceptional items £000	Exceptional items £000	1994 £000	1993 £000
Turnover on continuing operations					
Ongoing activities		68,681		**68,681**	63,287
Acquisitions		1,229		**1,229**	-
		69,910		**69,910**	63,287
Terminated activity		-		-	928
Total turnover	1	69,910		**69,910**	64,215
Cost of sales	2	(47,085)		**(47,085)**	(45,214)
Gross profit		22,825		**22,825**	19,001
Operating expenses	2	(19,944)	(190)	**(20,134)**	(18,001)
Operating profit on continuing operations		2,881	(190)	**2,691**	1,000
Ongoing activities		2,823	(182)	**2,641**	1,339
Acquisitions		58	(8)	**50**	-
		2,881	(190)	**2,691**	1,339
Terminated activity		-	-	-	(339)
Total operating profit		2,881	(190)	**2,691**	1,000
Share of profits of associated undertaking		-	-	-	30
		2,881	(190)	**2,691**	1,030
Ongoing activities					
Profit arising on the disposal of fixed assets			165	**165**	-
Terminated activity	3		-	-	(523)
		2,881	(25)	**2,856**	507
Interest (Net)	4	(354)	-	**(354)**	(350)
Profit on ordinary activities before taxation	5	2,527	(25)	**2,502**	157
Taxation on profit on ordinary activities	8	(886)	8	**(878)**	(511)
Profit(loss) on ordinary activities after taxation		1,641	(17)	**1,624**	(354)
Minority interests	22	(53)	-	**(53)**	(2)
Profit/(loss) for the financial year	9	**1,588**	(17)	**1,571**	(356)
Dividends	10			**(748)**	(666)
Profit/(loss) retained for the year				**823**	(1,022)
Earnings/(loss) per share	11	11.7p	(0.2p)	**11.5p**	(2.6p)

In accordance with the Company's Articles of Association, Mr H. P. J. Meakin and Mr P. J. M. Threlfall retire by rotation and, being eligible, offer themselves for re-election. Neither Mr Meakin nor Mr Threlfall has a service contract with the Company.

Share capital
Details of the changes in the share capital of the Company are shown in note 23 to the financial statements.

The directors have been notified of the following interests in the issued share capital of the Company.

Shareholder	No. of shares	%
Edinburgh Fund Managers plc	1,946,190	13.9%
Friends Provident	855,176	6.1%
National Westminster Bank Plc	730,846	5.2%
Herald Investment Trust	625,000	4.5%
Robert Fleming Holdings Limited	592,099	4.2%
Chase Manhattan Bank plc	540,000	3.9%

The directors have been notified that the interests of Edinburgh Fund Managers plc and Chase Manhattan Bank plc are non-beneficial and represent shares held under discretionary management.

Special business
A resolution will be proposed at the Annual General Meeting to renew the existing powers of the directors, which expire at that time, to issue equity securities in certain circumstances and up to a stated limit, other than pro rata to shareholders.

A further resolution will be proposed to authorise the Company to purchase up to 1,397,700 of its own ordinary shares, representing approximately 10% of the Company's existing issued ordinary shares, through market purchases on a recognised stock exchange. The maximum price to be paid for an ordinary share purchased pursuant to the authority would be 105 per cent of the average of the middle market quotations for ordinary shares for the ten business days immediately preceding the day of purchase and the minimum price would be 5p being the par value of the shares. Any purchase would take place within the limits of available reserves.

The Board would commence purchasing ordinary shares only after careful consideration and in the expectation that it would result in an increase in expected earnings per share after taking account of other investment opportunities and the overall financial position of the Company. While the authority now sought in the Notice of Annual General Meeting would expire on 25th August 1996 the intention of the Board is to make renewal of the authority part of the regular business at subsequent Annual General Meetings.

Fixed assets
Details of the movements in tangible fixed assets during the year are given in note 13 to the financial statements.

Corporate Governance and Going Concern
The directors consider they have complied with the principles and operative provisions of the Cadbury Committee's Code of Best Practice for the year ended 31st December 1994. The only exception is the composition of the audit committee which comprises the Chairman and the two non-executive directors.

The directors, having made enquiries, consider that the Company and the group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Tax status
The directors are advised that the Company is not a close company as defined by the Income and Corporation Taxes Act 1988.

People within the group
Management of the group is devolved to its operating companies and our policy is to support our people by training, career development and opportunities for promotion. We believe in an open management approach and close consultation on matters of concern to our staff. Information is shared on each company's performance which, together with participation in the Company's share option schemes and application of performance related bonuses, encourage staff involvement. The Group's policy provides that disabled persons, whether registered or not, shall be considered for employment, training and career development having regard to their aptitude and abilities.

Auditors
On 6th February 1995 our auditors changed the name under which they practise to KPMG, and accordingly have signed their report in their new name.

A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

A. J. McRae
Secretary

23rd March 1995

Addendum
H.P.J. Meakin and N.F. Worgan acquired 15,000 and 10,000 shares respectively after 23rd March 1995.

Directors' Report

The directors have pleasure in presenting their annual report to shareholders, together with the audited financial statements for the year ended 31st December 1994 on pages 18 to 29.

Principal activities and business review

The Company is a holding and management company whose subsidiaries provide a range of communications products and services and operate in three divisions: Specialist Printing, Media and Communications, Marketing Services. More details of these activities, and the development of the Company and its subsidiaries are given in the Chairman's statement and in the Chief Executive's review on page 11.

Results and dividends

A summary of the results is shown on page 1 and is further explained in the Chairman's statement.

An interim dividend of 2.15p per share was paid in October 1994 (1993: 2.0p). The directors recommend a final dividend of 3.2p per share (1993: 2.9p) to be paid in June 1995 giving a total net dividend of 5.35p per share (1993: 4.9p). After deducting the total dividend, the profit for the year retained in the group was £823,000.

Acquisitions

On 5th August 1994, the Company acquired the entire issued share capital of Litharne Publishing Limited, a magazine publisher, for a sum of £550,000, satisfied by the issue of 323,530 new ordinary shares at 170 pence each. As set out in Note 27 to the financial statements, the vendors of Litharne may receive additional consideration based upon the trading performance of the company in each of the years ending 31st July 1995 and 31st July 1996 respectively up to a maximum aggregate sum of £1.3 million. The operation has since been merged within Aspen Specialist Media.

Subsequent to the year end, on 12th January 1995, one of the Company's subsidiary undertakings, Spafax Airline Network Limited, acquired the entire issued share capital of RCI (UK) Limited, an airline inflight media sales company for a sum of £40,000, satisfied in cash. The operation has since been merged within Spafax Airline Network Limited.

On 22nd March 1995, Spafax Airline Network Limited acquired the total minority interest in Spafax Airline Network Inc and Spafax Canada Inc for a sum of US $200,000 satisfied in cash. The minority shareholding was previously held by F Michael Perkins, a director of Spafax Airline Network Limited.

Directors and their interests

The directors of the Company who held office at the end of the financial year and their beneficial interests in its share capital were:

	No. of Ordinary Shares of 5p	
	31st December 1994	31st December 1993 (or date of appointment)
H.P.J. Meakin	2,127,019	2,127,019
N.F. Worgan	203,000	200,000
P.J.M. Threlfall	1,402,430	1,402,430
I. Vinall	189,669	189,669
E.A.R. Balding	153,157	153,157
A.J. McRae	-	-
J.D. Salmon, OBE	5,000	-

Under the terms of the Aspen Share Option Schemes the following options have been granted to the directors:

	No. of share options held	Option price	Exercise period
N.F. Worgan	5,000	375p	1992 - 1999
	55,000	100p	1994 - 2001
	200,000	85p	1994 - 2001
I. Vinall	40,000	85p	1994 - 2001
E.A.R. Balding	35,000	168p	1993 - 2000
	5,000	85p	1994 - 2001
A.J. McRae	15,000	168p	1993 - 2000
	20,000	145p	1997 - 2004

There were no additional grants of options during the year save as disclosed above, nor did any director exercise any options. The Company's mid market share price was 168 pence at 31st December 1994.

Mr I. Vinall and Mr J.D. Salmon were appointed to the Board on 14th January 1994 and 22nd March 1994 respectively.

No director has a beneficial interest in any shares of any subsidiary undertaking.

There have been no other changes in director's interests since 31st December 1994.

During the year the Company purchased Directors' and Officers Liability insurance. This indemnifies directors and officers against legal liability for damages in respect of claims made against them arising from any wrongful act committed by them as directors or officers of the Company and in their positions in all subsidiary undertakings. It also covers the directors and officers of all subsidiary undertakings.

Financial Overview

Profit and Loss Account

Turnover increased during the year by 8.9% to £69.9 million.

The total gross profit of £22.8 million represented a gross margin on sales of 32.6%, a substantial improvement on the 29.6% achieved in 1993.

Operating profit amounted to £2.7 million (1993: £1 million) after charging exceptional redundancy costs of £190,000 (1993: £342,000) and represented a return on sales of 3.8% compared to 1.6% in 1993.

Operating profit margins increased in each division and grew by 33% from 3.3% in the first half to 4.4% in the second half of the year.

The total interest charge of £354,000 net (1993: £350,000) was covered 8.1 times by operating profits after exceptional items.

During the year the group made disposals of printing equipment giving rise to an exceptional profit on disposal of £165,000.

The tax charge for the year is provided at an effective rate of 35%.

Earnings per share amounted to 11.5 pence (1993: loss per share of 2.6 pence).
Adjusted to exclude the impact of non-recurring exceptional items, earnings per share amounted to 11.7 pence (1993: 4.2 pence), an increase of 179%.

Cash Flow

Net cash inflows from operating activities during the year totalled £6.8 million (1993: £3.2 million).

Investment in capital assets, including the acquisition in August of Litharne Publishing, amounted to £3.9 million (1993: £2.8 million). The depreciation charge for the year amounted to £2.2 million (1993: £2.4 million).

At the year end, net cash balances totalled £1.6 million, comprising cash at bank of £2.6 million and short term loans of £1 million. Cash and cash equivalent balances improved by £472,000 during the year.

At the year end, bank and finance facilities amounted to £10 million, of which £9 million represents committed lines with maturity dates of between one and two years.

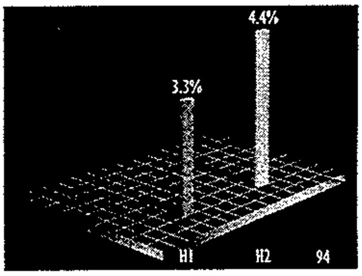
Balance Sheet

Total net assets increased during the year by £1.3 million to give year end shareholders' funds of £12.6 million (1993: £11.3 million).

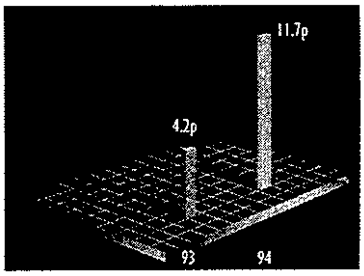
Outstanding debtor days at the year end amounted to 61 days, an improvement on the 68 days in 1993. Working capital reduced by £1.99 million (1993: increase £157,000) during the year.

In August 1994, the company purchased the entire issued share capital of Litharne Publishing, a publisher of magazines. The directors have valued the publishing rights at cost being £708,000 and this investment is carried under intangible assets at 31st December 1994.

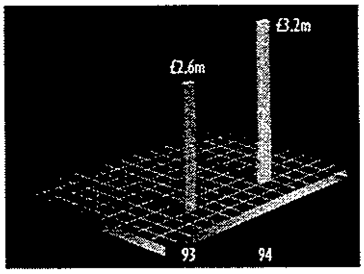
Net cash balances of £1.6 million less £1.8 million outstanding under finance agreements gave net debt of £200,000 (1993: £2.4 million) at the year end giving gearing of 1.7% (1993: 21.3%). The gearing ratio was favourably affected by the delay in delivery of capital equipment until the first quarter of 1995 amounting to approximately £3.1 million.



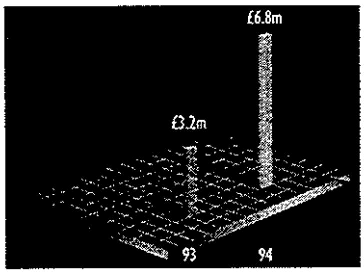
Operating Profit Margins



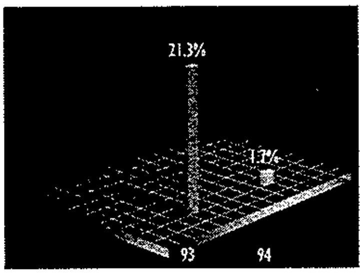
Adjusted Earnings Per Share



Capital Expenditure



Net Cash Inflow



Gearing

Direct and field marketing agencies, direct marketing of insurance products

Turnover

1993	£19,140,000
1994	£19,026,000

Profit

1993	£388,000
1994	£761,000

Capital Investment
increased to £535,000 in 1994 from £413,000 in 1993

"Direct marketing activity continues to grow strongly across all UK media, with exceptional expansion being seen in both television and radio"

Marketing Services

The results of consistent investment and management action in our marketing based activities delivered much improved figures for the division.

In 1994, Aspen Field Marketing grew rapidly, largely from increasing activity on behalf of existing major clients. The increasing trend among large manufacturing companies to 'outsource' their sales representation in retailers provides substantial potential. The company's management board has been strengthened and additional resources were applied to staff development and training. Existing client activity and new blue chip customers provide a very positive outlook.

Our direct marketing group made steady progress whilst its results were constrained by investment to enhance the database product area. Aspen Direct's existing major clients were active and some important new clients were added, including Unisource, a joint venture by Swiss, Swedish, Dutch and Spanish Telecoms which will operate in 12 European countries. In Holland, Aspen Veenhuizen Direct consolidated its market position and positioned itself for accelerated growth during 1995. This has already resulted in improved prospects for this year and the future. Direct marketing activity continues to grow strongly across all UK media with exceptional expansion being seen in both television and radio.

Excellent results were seen in our retirement market direct insurance company, Aspen Insurance Brokers. The quality of service provided to potential, new and existing policyholders is now amongst the best in the industry following the opening of our own telephone and administration centre in January 1994. The company continues to expand rapidly as it benefits from the UK public's increasing desire to buy products directly marketed on television, radio, newspapers and in the mail. During 1994, nearly all the policies issued were for home and contents insurance and the level of annual renewals is high. Recently, both car and health insurance have been launched where sales are performing ahead of our targets. Significant profits are planned from direct insurance broking this year and its prospects remain promising.

The division is at present performing very well against last year and the outlook in both the short and medium term is optimistic.

Media and Communications

The division enjoyed steady progress during the year as a number of new services and products started to deliver their profit potential.

Our airline media management company, Spafax, performed strongly and produced good results on much increased turnover. Following the acquisition and integration of IMI and RCI, the company now serves 40 airline customers and has achieved a significant share of the airtime sales for long haul airlines. New contracts to supply airline media services have been signed, most notably a long term contract with Air Canada. The management board has been strengthened and further progress is anticipated. In Post Offices, the UK's largest retail network, expansion resumed in the second half, as all the media products that we manage increased revenues, a trend which is continuing this year. There remains considerable opportunity to develop the Post Office's substantial high street customer audience. A new media service has recently been launched with the London Underground.

The group's plan to expand into consumer publishing progressed well with the acquisition of Litharne Publishing, a publisher of seven women's magazines and organiser of related exhibitions. Litharne has been integrated with our contract publishing activities, which have added Midland Bank and Singapore Airlines to their client portfolio.

Results in our leading television services activity were very strong, as the business benefited from the expansion of the satellite, cable and terrestrial broadcast markets. In response to healthy demand from the broadcast programme makers, new digital technology investment exceeded £1 million for the year.

After repositioning our business communications company and adopting an integrated marketing approach its results improved significantly. The management board was expanded and strengthened and recently we promoted Tim Rivett to managing director. Recent major client wins provide a positive outlook for the future.

The Cleartone mobile radio security products that have been developed since 1991 enjoyed increasing demand. The majority of UK police forces and a growing number of fire services are now using our products. In the cellular phone sector, Cleartone are currently supplyling large volumes of product to a buoyant but competitive market. The outlook in this area remains positive as digital technology systems grow in importance.

To date, both our media and radio communications activities are increasing revenues and profits. For the division as a whole the medium term prospects appear very positive.

Media services, magazine publishing and radio communications products

Turnover	
1993	£20,616,000
1994	£24,879,000
Profit	
1993	£548,000
1994	£839,000

Capital Investment
increased to £1.5m in 1994 from £1.2m in 1993

"To date, both our media and radio communications activities are increasing revenues and profits. For the division as a whole, the medium term prospects appear very positive"

Review of Operations

Specialist printing of magazines, direct mail and promotional products.

Turnover	
1993	£23,531,000
1994	£26,005,000
Profit	
1993	£573,000
1994	£1,328,000

Capital Investment
increased to £1.1m in 1994 from £1.0m in 1993

"The division is enjoying strong demand and the outlook for our chosen markets is excellent. With the record £5 million investment programme in progress, we are confident that growth will continue"

Specialist Printing

The division made good progress following the installation of new equipment and the introduction of more efficient production arrangements in 1993. Substantial progress was made in our mailing and special products company, and business magazines enjoyed an improved performance.

Heanor Gate under performed whilst it increased its production area and opened an additional factory. In a significant development, sophisticated new finishing equipment has been installed to serve a large contract with a Danish client, valued at £3m over two years. In addition, the company has approved a further £2.5 million investment in new digital technology and high speed presses which will significantly expand production facilities in the second half of 1995. Guy Vinall, formerly sales director was appointed as Heanor Gate's managing director in January 1995. These changes together with new shift arrangements and the major investments encourage a positive outlook and have resulted in a good start to the year.

Our mailing and special products company, Aspen Preprint, achieved excellent profits growth vindicating the strategic decision to concentrate on mailing and special products instead of business forms. The benefits of major investment in this new market since 1991 are conclusive. During the year, the sales management of the company was further strengthened and the sales teams have been successful in broadening the customer base to deliver record revenue levels. Further investment of £1.2 million is planned this year to introduce digital technology links with customers and to install a larger press to serve the mailing products market.

Pensord, the leading business magazine printer started to benefit from the major expansion in its sales force. It now prints 95 titles, more than double the number in 1991. Current trading is positive and market forecasts for business magazines are very encouraging. Front-end digital technology and a new multi-colour press are soon to be installed, an investment of £1.3 million, enhancing Pensord's potential which has already made a good start this year.

Considerable progress has been made in the printing division under its new divisional director, Ian Vinall. It is enjoying strong demand and the outlook for our chosen markets is excellent. With the record £5 million investment programme in progress, we are confident that growth will continue.

Chief Executive's Review

1994 saw the first steps towards Aspen's objective of raising net margins as profits before exceptional items doubled to £2.53 million. The group also demonstrated its cash generation powers with net cash inflow from operations increasing to £6.81 million from £3.16 million, while gearing fell to 2% from 21% in 1993.

Since 1991, the group has taken measures enabling the quality of its earnings to improve consistently in the 1990s. Over this period, £9.4 million has been invested in new capital equipment, with further revenue investments in new products and services, new markets and expanded sales activity.

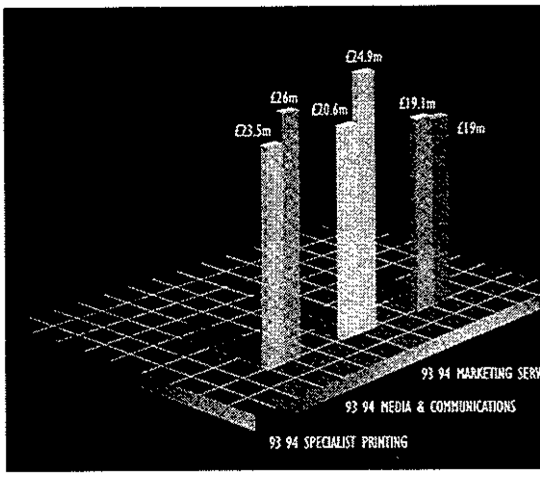
The Print division has directed substantial capital to our business forms company to move the business into higher margin mailing and special products. In business magazine printing, we made a substantial investment in digital technology and introduced more flexible working practices. The sales team has been expanded and today the company produces 95 business magazine titles compared with 45 in 1991. Investment will remain at record levels in the division as we embark on a £5 million programme to take full advantage of the exceptional growth that is projected in our markets.

In Media and Communications, we have succeeded in broadening our range of media products and services and expanding our customer base. In 1991 our specialist media company published one magazine; today we publish three contract titles and eight consumer titles. Spafax, our airline entertainment and media company, now sells advertising and sponsorship on behalf of over 40 airlines from four international offices, making it a world leader in this activity. Further opportunity is in prospect with the installation of multi channel seat back television systems. Since 1991 our mobile communications company has developed its own range of over 40 products to provide secure communications within Police Authorities, Fire Brigades and other major users of radio communications equipment.

Our Marketing Services division has greatly strengthened its earnings quality. Field marketing has successfully increased its contracted business with blue chip customers and is investing in information systems to provide our clients with better information from the point of sale. We have invested heavily in the direct marketing operation which sells our own insurance products to the 'retirement' market since launching the company in 1992. In 1994, we opened a telephone marketing centre which is enlarging the policy holder base, achieving good renewal rates and providing a valuable income stream.

I would like to record my personal thanks to all our staff for their hard work and their achievements. I feel that Aspen is now positioned to produce dependable earnings for the foreseeable future as we continue to build on the quality of our business.

Neil Worgan
Chief Executive



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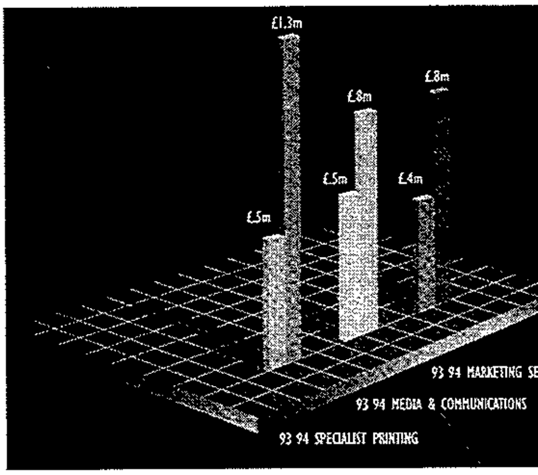

Profit

Directors and Advisers

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Cirencester
Gloucestershire
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Registered in England No. 663645

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Gwent
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London
EC3P 3AR

Bank of Scotland
38 Threadneedle Street
London
EC2P 2EH

Singer & Friedlander Limited
21 New Street
Bishopsgate
London
EC2M 4HR

Stockbrokers
NatWest Wood Mackenzie & Co Limited
135 Bishopsgate
London
EC2M 3XT

Solicitors
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25-31 Moorgate
London
EC2R 6AR

Registrars
Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Henry Meakin, 51, Executive Chairman. He was a founding director in 1969, and became Group Managing Director in 1975 and Chairman in 1979. He was a founding director in 1982 and in 1988 became Chairman of GWR Group PLC. He is a director of Classic FM PLC and was its founding Chairman from 1991 to 1993. Henry Meakin is a member of both the Remuneration and Audit Committees.

Neil Worgan, 42, Chief Executive. A chartered accountant, he was a senior manager with Peat Marwick Mitchell before joining Aspen as Finance Director in 1983. He was appointed Joint Chief Executive in 1989 and Chief Executive in 1991.

Edward Balding, 48. He trained in radio communications. Before founding Cleartone in 1978 he was with Storno Radiotelephone Limited for eight years. He joined Aspen in 1983 and was appointed to the Board in 1986.

Andrew McRae, 36, Finance Director. A chartered accountant, he joined Aspen as a divisional Finance Director in 1989 and was appointed Group Financial Controller in 1991. He was appointed to the Board in 1993.

Ian Vinall, 45, Chief Executive Specialist Print Division. Formerly with Oxley Group, he joined Aspen in 1989 when the company acquired Heanor Gate Printing Limited. He was appointed to the Board in January 1994.

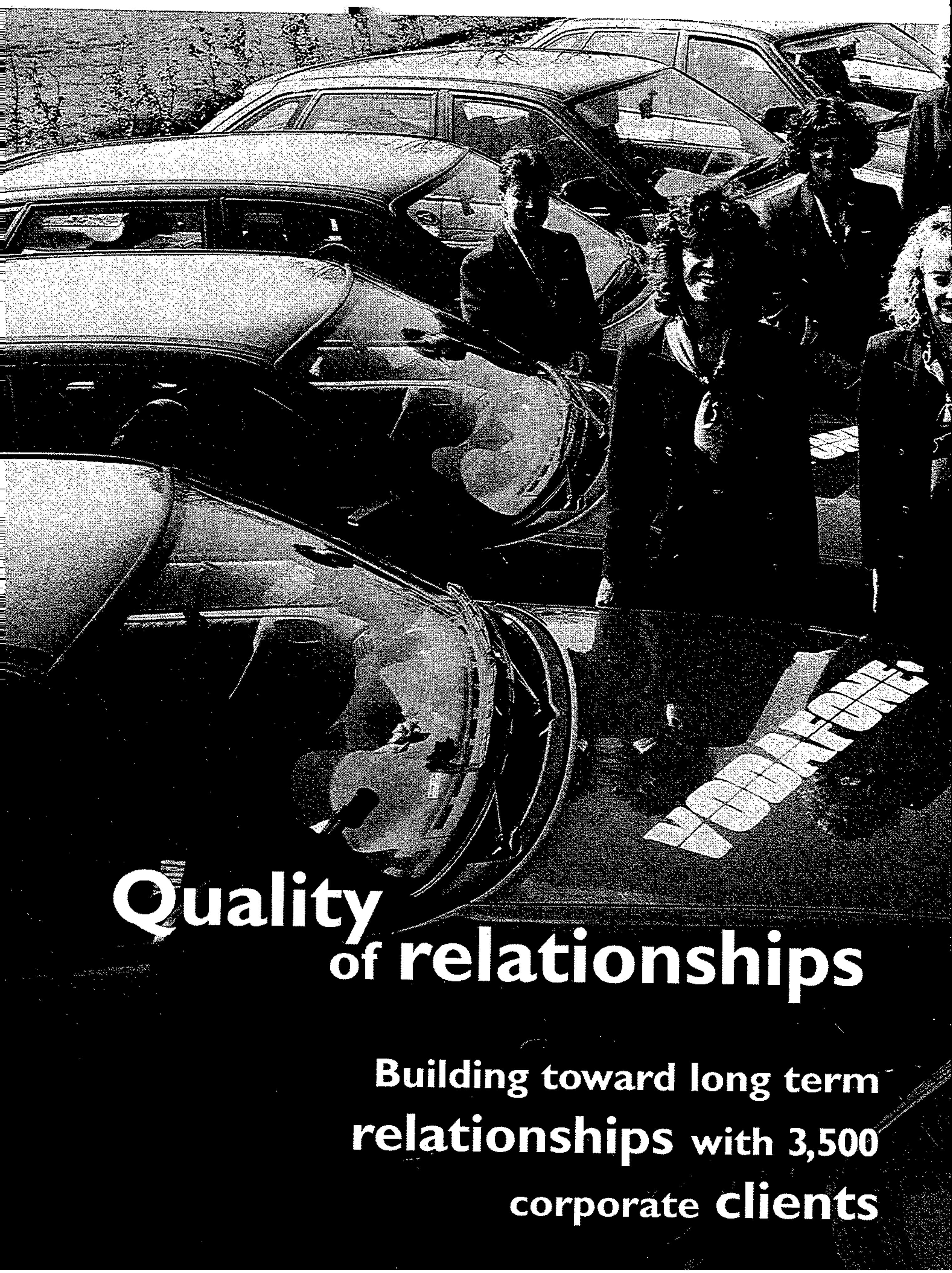
Peter John Threlfall, 52. He has been a shareholder and non executive director since 1975. A management consultant, he is the former Managing Director of Wentgate Engineering Limited and is a member of both the Remuneration and Audit Committees.

James Salmon, OBE, 54. A non executive director he was appointed to the Board in March 1994. He was Managing Director of Crosfield Electronics from 1983 to 1992 and Deputy Chief Executive of The De La Rue Company plc from 1987 to 1989. In 1994 he was appointed Chairman of ISA International plc. James Salmon is Chairman of both the Remuneration and Audit Committees.

Earnings quality is supported by long term client contracts which contribute over 50% of sales. Music Week, Aspen's first-ever magazine printing contract, is still a client after 25 years.

Major clients increasingly prefer to 'outsource' services like media management and field sales and many are increasing their business with the group.

Since 1990, the group's sales force has doubled to underpin ambitious growth targets. Aspen provides products and services to 65 of the FT Top 100 companies.



Quality of relationships

Building toward long term relationships with 3,500 corporate clients

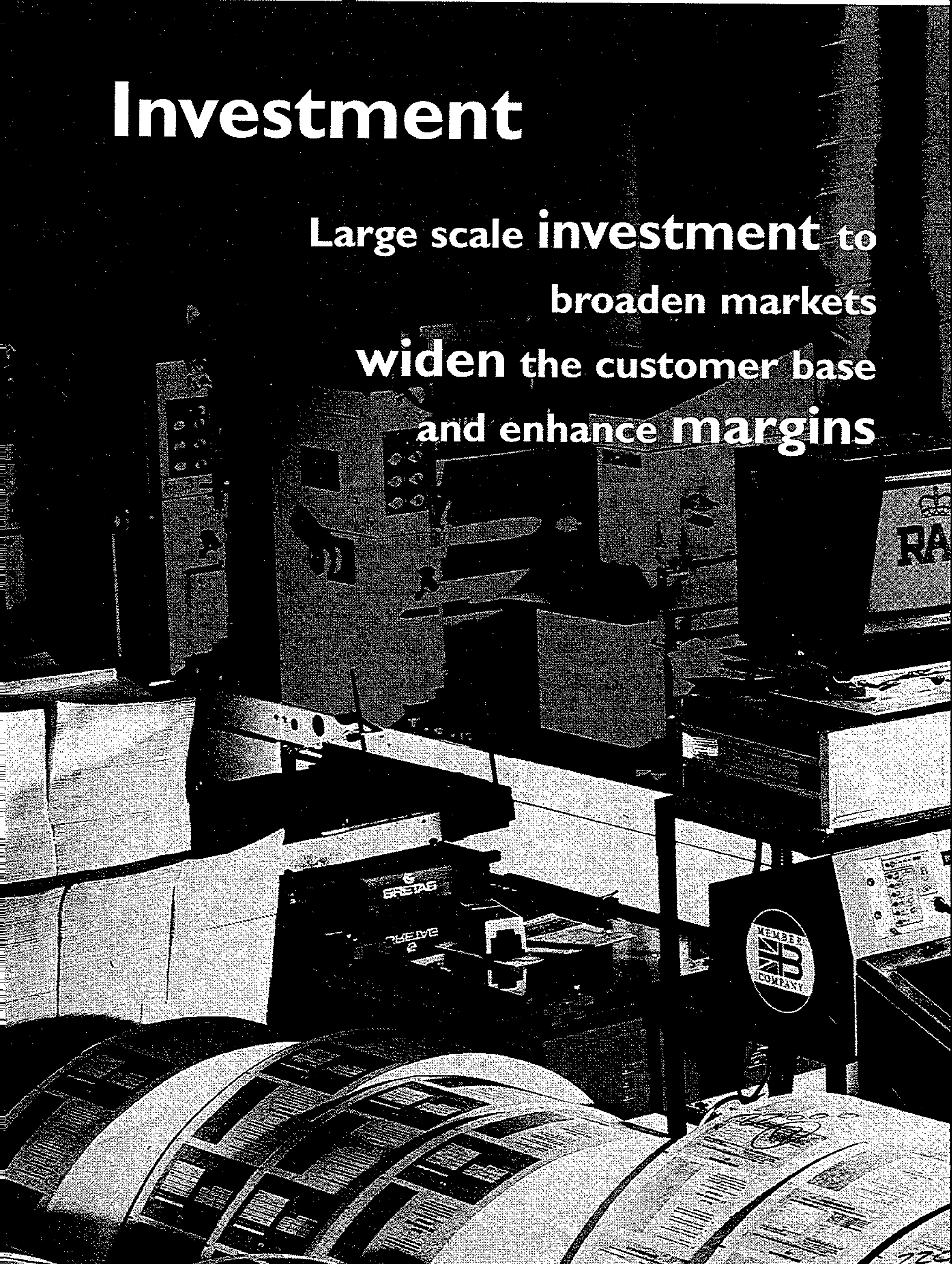
Aspen has plans to improve earnings quality and potential for the long term. The target of doubling margins has been set group-wide.

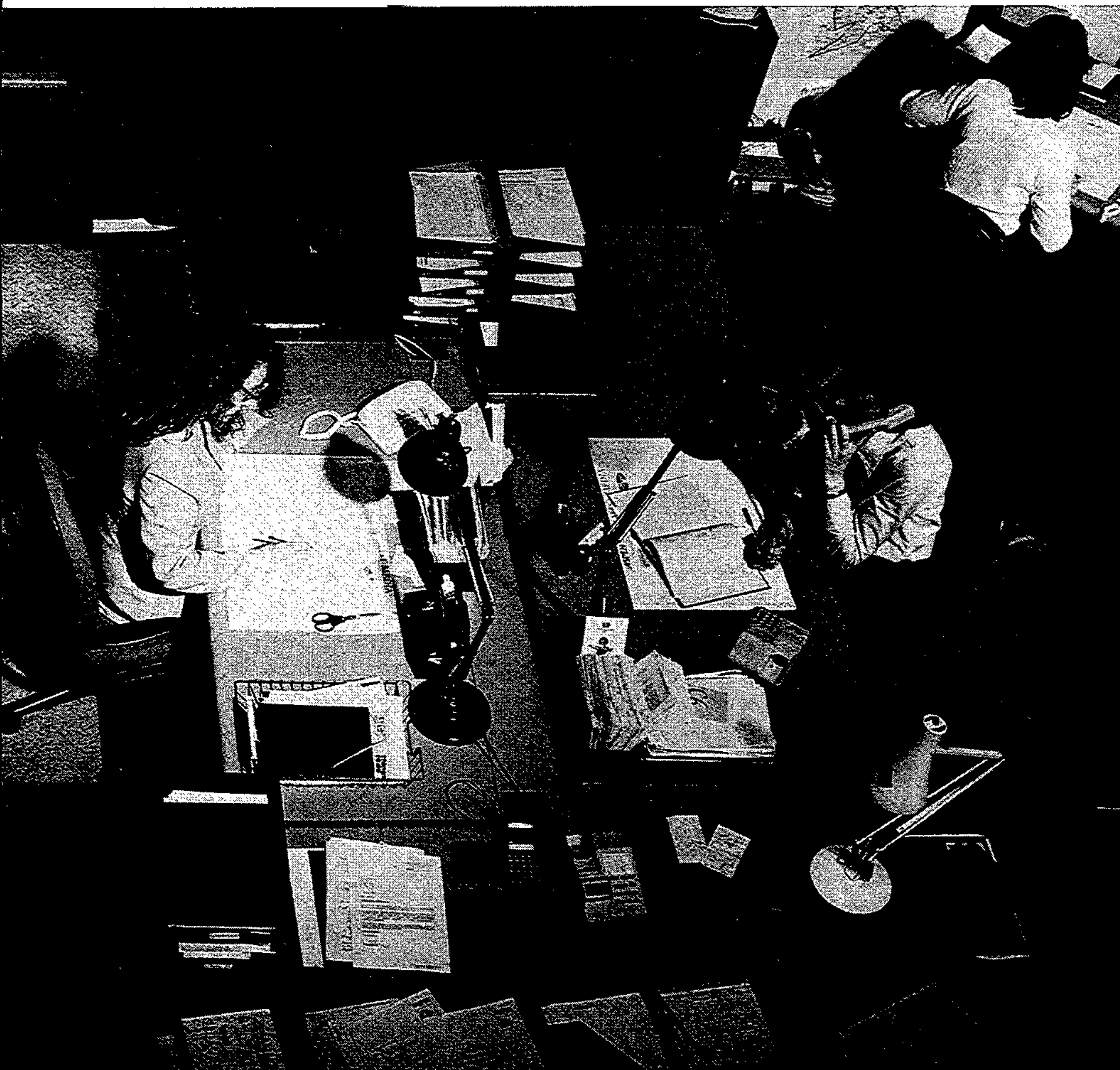
Since 1990, over £14 million has been invested in new markets and first class technology. Aspen has consistently invested in the latest printing presses, digital pre press equipment, digital television services and direct marketing systems.

Record capital spending of £6 million is planned for 1995.

Investment

Large scale investment to broaden markets widen the customer base and enhance margins

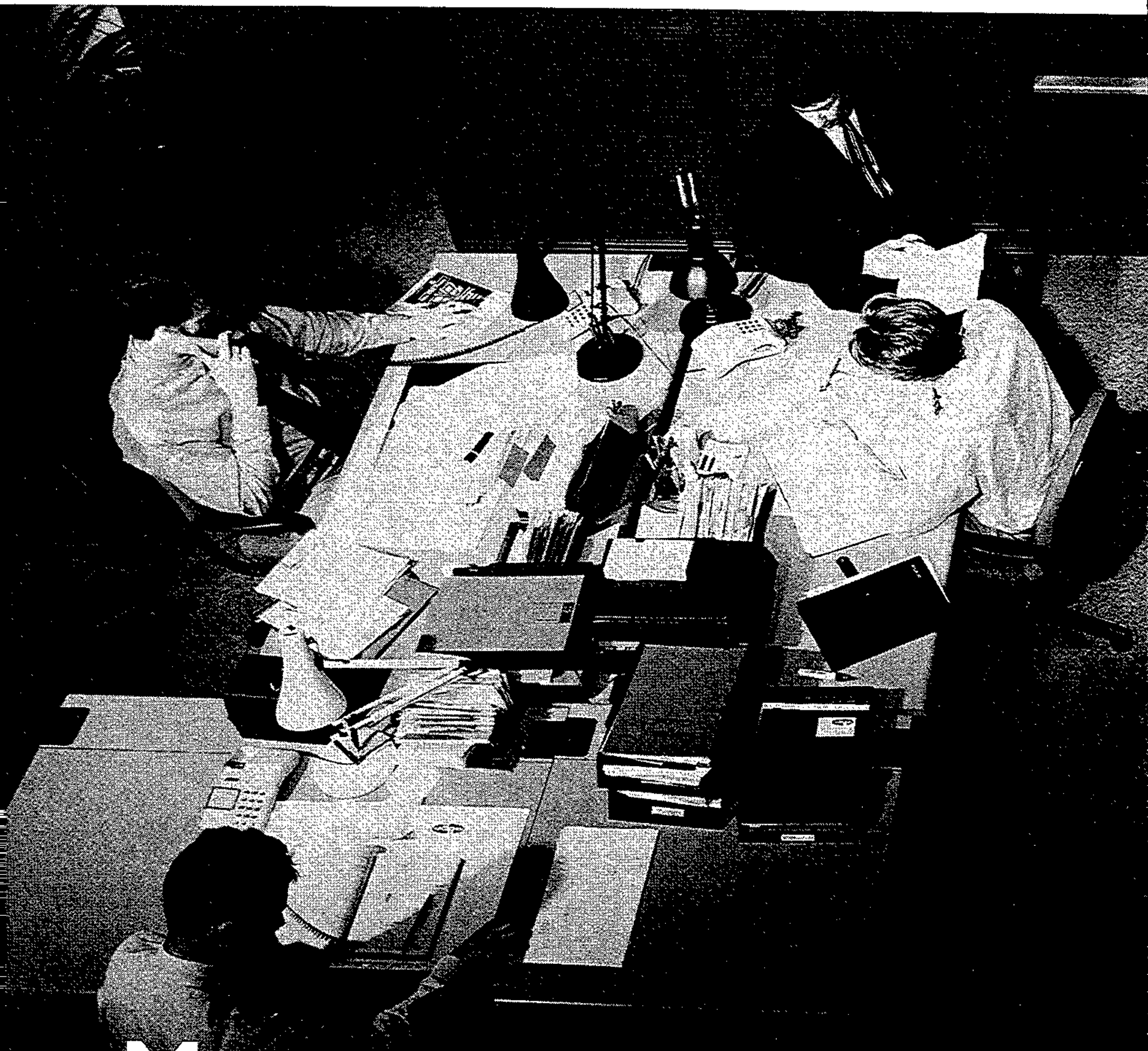




Over four years, Aspen has moved to strengthen and revitalise the senior divisional management teams within its operating companies. Enlarged management boards ensure proper accountability across all disciplines.

Aspen completed a major review of its future strategy and objectives during 1994. As part of the process, each division's management formulated three-year plans to highlight the potential to grow their businesses.

Considerable effort and resources have been devoted to training, development and team building throughout our operations.



Management and people

Strong leadership effective operating controls and strategic development

Aspen Direct group invested heavily in enhancing the quality of its direct marketing database services. The benefits of this key area are already evident and we are expecting improvements in profitability in both London and Amsterdam.

Direct marketing of the group's own insurance products to the 'retirement' market continues to make sound progress. The establishment of our dedicated telephone sales and administration centre in 1994 has enabled us to offer a high quality and expanded service to the company's database of potential customers. There are 18 million people in this market area which is set to increase rapidly in future and we are optimistic of strong profits growth in the medium and long term.

Strategic Review

The Board has recently completed its group-wide review of operations which followed a thorough examination of each division's three year plans. These plans identified that Aspen's divisions are well positioned in market areas with considerable potential. In addition, opportunities for improved business focus were identified which highlighted where the group will concentrate its resources to provide the best long term value for shareholders. Your directors believe that the group's investments of the past four years, in capital equipment, additional sales capability, new products and market sectors, have enhanced its ability to deliver consistent growth in earnings.

25 Year Anniversary

During the year, the group celebrated its 25th anniversary with an event for 500 clients and supporters in London. Here, we announced a donation of £25,000 to start a trust to be used for educating and training people in the industries that Aspen serves.

Board and Staff

As has already been announced, Andrew McRae, finance director, will be leaving next month to take up a new position. Plans to appoint his replacement are progressing satisfactorily. We thank him for his valuable contribution to the group since joining in 1989.

The good progress in 1994 would not have been possible without the hard work and dedication shown by all our teams of people, and I thank everyone within Aspen most sincerely for their efforts.

Outlook

Whilst the trading environment remains competitive, we are now seeing more positive market conditions. The steps taken to improve our long term growth potential are yielding results and trading margins in the second half of 1994 increased by 33% over the first half. It is pleasing to report that profits in the current year are substantially ahead of the corresponding period in 1994. I believe 1995 will see further progress towards our objective, stated at the interim stage, of doubling trading margins over the next two years.

Henry Meakin
Chairman
23rd March 1995

Chairman's Statement

Key financial information for the year is:

- Profits before tax rose to £2.5m (1993: £157,000)
- Profits on continuing operations before exceptional items increased by 77% to £2.88m (1993: £1.63m)
- Earnings per share adjusted for exceptional items grew by 179% to 11.7 pence (1993: 4.2 pence)
- Turnover increased 9% to £69.9m

1994 was an important year for Aspen's continuing development, during which the benefits of the investment, innovation, product development and cost reduction initiatives of the last four years started to become apparent. Against the background of competitive but stable markets, all three divisions delivered much improved performances and the group achieved strong profits growth.

A final dividend of 3.2p, a 10.3% increase, is being recommended giving a total for the year of 5.35p, a 9.2% uplift. At the year end, gearing had been reduced to 2% from 21% and net cash flow generated from operating activities was £6.8m (1993: £3.2m).

Specialist Printing

The specialist print division more than doubled operating profits to £1.33m (1993: £573,000) reflecting good performances from both mailing products and business magazines.

The division's investment in additional sales people has been rewarded with a much expanded customer base and a range of new products for new markets. In the last quarter of 1994, the division embarked on a record £5m capital investment programme in digital pre press equipment, multi-colour presses and specialised finishing equipment which will increase capacity and productivity.

Media and Communications

The media and communications division increased profits to £839,000 (1993: £548,000).

The airline media and entertainment company had an excellent year and continued to build its leading position by adding new income streams and developing its global operations. It now has offices in London, New York, Toronto and Singapore. The sales team represents 40 of the world's airlines delivering an audience of over 240 million to advertisers.

The specialist media business continues to expand its range of media products with the Post Office and more recently, with London Underground. Our plans to build ownership of magazine titles progressed with the acquisition of Litharne Publishing, which added seven consumer titles to the existing contract publishing base. Already significant operating benefits are being seen from the integration of our publishing operations.

Excellent results were delivered by our television services activity, in a growing broadcast television market. The company received substantial capital investment in 1994 and continues to enjoy demand from the terrestrial and satellite broadcasters and from the rapidly developing independent sector.

Business communications made further progress and continued to benefit from its positioning as a provider of integrated marketing communications.

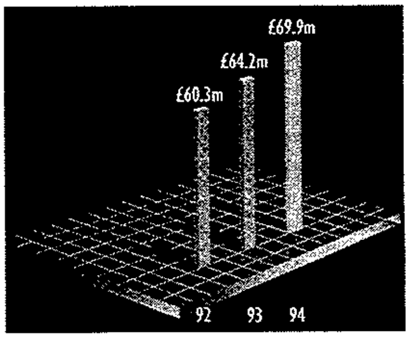
Mobile radio communications enjoyed a year of good growth. The encouraging trend for its cellular products continues with increasing demand for the company's expanded range of security equipment. Development of new products continues to be a priority and further excellent progress is expected in the current year.

Marketing Services

The marketing services division showed a 96% increase in profitability with profits of £761,000 (1993: £388,000).

Considerable progress was made in our field marketing activity, where a number of major clients chose to increase substantially their investment in our retail sales service. Large manufacturers are increasingly out-sourcing this activity and the company's strong presence in this market has been a major factor in its competitive success.

Financial Highlights



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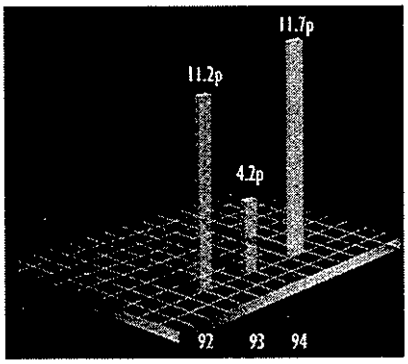
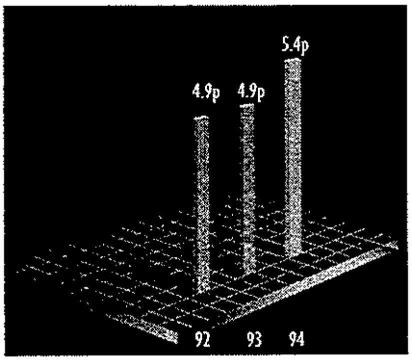
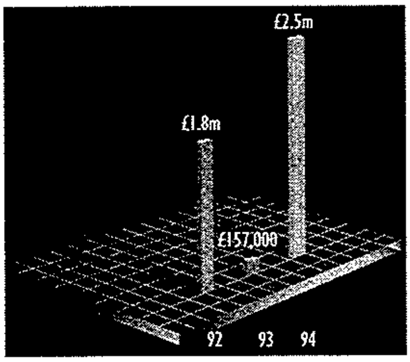


Adjusted earnings per share



Dividends per share



Profit before tax

Aspen Communications PLC

Operations

Specialist Printing

Media and Communications

Marketing Services

Aspen Communications provides media and communications services to over 3,500 business customers.

Its particular skill lies in interpreting its clients' needs by delivering innovative products to the highest standards.

Aspen's products are mainly in print, video and electronic screen based media which increasingly use digital technology.

The group sets out to provide a stimulating and challenging working environment where there is a determination to achieve profitable growth of the company.

The company aims to achieve leadership in its chosen market areas and thereby reward its shareholders and its people.

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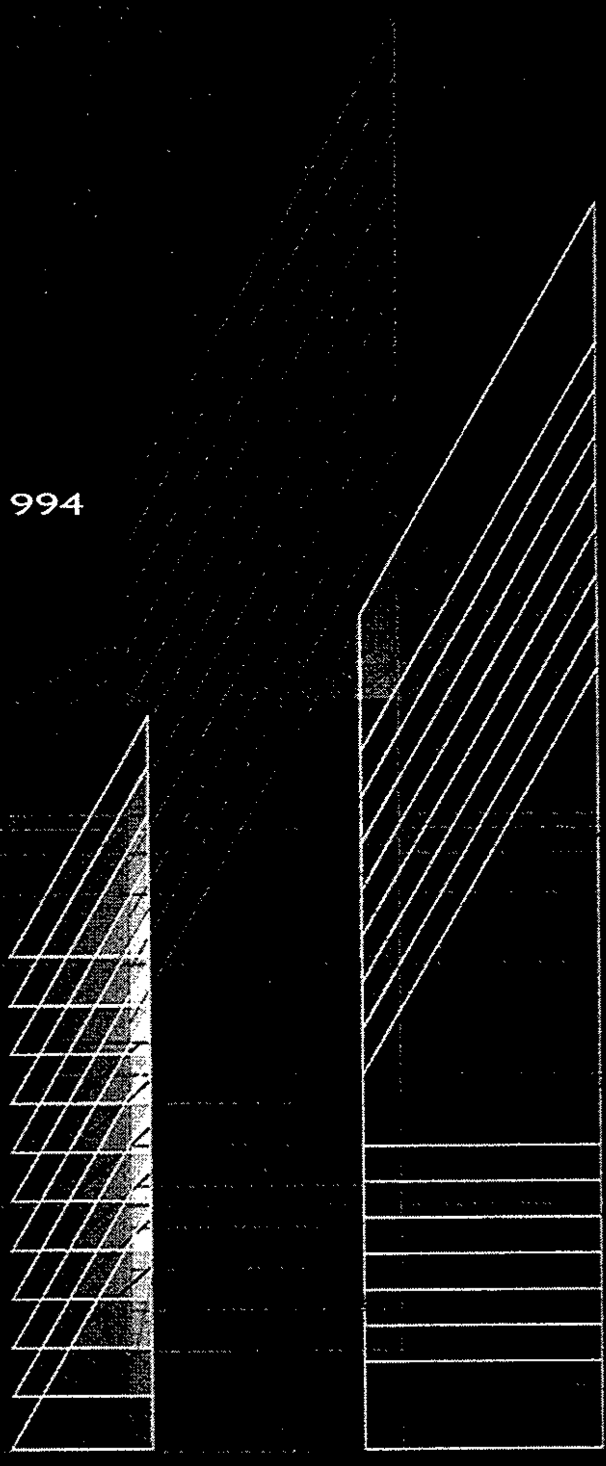

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