NOTICE OF ILLEGIBLE PAGES

Companies House regrets that documents in this company's record have pages which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause

Contents

Chairman's Statement

1993/94 was a year of achievement for Quadrant. The overall result was a profit before tax (after exceptionals) of £786,000 (1993: loss £15.9 million). Earnings per share were 3.36p (1993: loss 59.83p). No dividend payment is, however, recommended.

At the interim stage I reported that, through a combination of restructuring, management changes, cost reductions and the disposal of a loss-making activity, the operating loss on then continuing activities had been reduced to £263,000 for the six months. Further progress has been made since, with an overall operating result on continuing activities in the second half around break even. This represents a significant turnaround from operating losses of £2.4 million in the second half of the previous year. Further improvement is expected in 1994/95.

The Group finished the year with £471,000 of cash and net assets of £8.9 million (1993: £7.9 million), or 38p per share. Construction of the Company's head office building at Cross Point, Coventry was completed last December at a total cost of £2.4 million. Changes in Quadrant's long term direction mean, however, that this building is no longer suitable for the Company's requirements and a decision has recently been made to seek to dispose of it. Quadrant's advisers suggest that a price in excess of book value should be achieved.

Progress in restoring the profitability of Quadrant's photographic and imaging businesses has allowed the Company to turn its attention to a major long-term growth opportunity in an area where several of our senior executives have successful experience: precision aerospace engineering. Just after the year end, Quadrant acquired Yewlands Engineering Co. Limited, funded principally by a Placing and Open Offer of Quadrant shares, raising £4.1 million. Recent developments at Yewlands are discussed in the Chief Executive's Report.

In December, 1993 the Company's Board was strengthened by the appointment of Jean Marc Cangardel as a non-executive Director. His experience and advice have already been most helpful.

There were no changes in the Group's senior management during the year, but our Finance Director, Vincent Ashe, is leaving on 2 June to pursue other interests. We are grateful for his considerable contribution over the past two years and wish him well in the future. I am pleased to report that Stephen Eldred has accepted an offer to become Quadrant's Finance Director, after notable success over the past five years as Finance Director of Universal Packaging Corporation in the United States, a subsidiary of NMC Group plc.

Once again I would like to express the Board's thanks to our employees for their substantial efforts in helping both to achieve the year's positive results and to create the platform for future success.

The Board remains confident of further progress in the current year.

Lord Rees, Chairman

2 June, 1994

Chief Executive's Report

Results for the year

The Group's major objectives for the year were to eliminate on-going losses and to establish a sound financial, management and business base for future growth. In most areas these objectives have been achieved. The three largest businesses, Sangers, Leeds Photovisual and Quadrant Video Systems, all returned to profit in the year. Two loss-making areas of Quadrant Processing were successfully disposed of and the remainder completely restructured.

New senior management, all from within the Group, was put in place at Leeds, Video and Processing and has achieved substantial successes in each case. In line with increased autonomy for the operating subsidiaries, head office staff numbers were halved and total central overheads cut from £1.1 million to £560,000.

Although Group turnover on continuing activities declined by 9.8% to £43.2 million, average gross margins (excluding exceptionals) increased from 18.5% to 21.5%. Total overheads on a like-for-like basis were reduced by £3.2 million or 25%. The overall operating loss on continuing activities was reduced from £3.9 million to £269,000, reaching breakeven during the second half. Continuing operations generated a positive net cash flow in excess of £700,000. After expenditure on completing construction of the Coventry office building, deferred acquisition consideration and utilization of provisions on discontinued activities, cash balances at the year end stood at £471,000.

It is pleasing that, in this turnaround year, sufficient gains were realised from the successful disposal of a loss-making business, and renegotiation of deferred consideration on three past transactions, to produce an overall profit of £786,000, and an increase in net assets of just over £1 million.

Sangers

Sangers is the UK's largest independent wholesaler and distributor of photographic products. In the face of a declining market, the Sangers group recovered from aggregate losses of £428,000 in the previous year to record a modest profit in 1993/94. This result was achieved through cost reduction and an increased focus on exclusive lines capable of producing higher margins.

Cash flow also improved substantially, with net cash of £1.2 million generated over the year.

The future direction of the Company will involve:

- further extension of Sangers' portfolio of exclusive lines, taking advantage of the company's strong distribution infrastructure; and
- increased exposure to the professional and high-end amateur markets, as well as cost savings, through closer integration with Leeds Photovisual.

Significant successes were achieved just after the year end, when Sangers gained the exclusive UK agencies for Tamrac photographic bags, Bilora tripods and Kramer video equipment, all leading manufacturers in their respective fields.

Leeds Photovisual

Leeds offers photographic and other imaging products to professional, commercial, industrial and public sector customers through a national network of five branches. In contrast to the consumer markets served by Sangers, these markets showed good early signs of recovery in 1993/94.

As with Sangers, previous year losses were turned into modest profits, with further improvement expected in the current year. Cash flow was significantly positive.

During the year, Leeds established itself as the UK's leading distributor of digital camera systems, to date used principally by press photographers.

The end of the financial year was marked by the acquisition of Ultrafield, a professional photographic distributor based in Birmingham. Leeds' own Birmingham outlet has now been merged with Ultrafield and the combined operations are already producing results ahead of expectations.

Quadrant Video Systems

Quadrant Video is a leading supplier of equipment and integrated systems based on professional video technology. Applications and customers cover a wide range, including security surveillance, corporate, medical and educational training and professional broadcasting. The company provides installation and maintenance services as well as supplying equipment. Examples include the closed-circuit television security systems at the Merry Hill Centre in the West Midlands, and the Birmingham City Watch.

In 1992/93 Quadrant Video had recorded operating losses of £1.0 million and additional exceptional losses of £1.3 million. From this position there were inevitable further losses in the first half of 1993/94 while the business was restructured, and it is therefore especially pleasing to report that the turnaround was successfully completed in the second half, with an operating profit of £42,000 achieved for the year as a whole.

The new management team has focused on growing the value-added portion of the business, producing substantially increased gross margins. The underlying markets continue to grow strongly, and Quadrant Video is gaining market share.

Several proprietary systems products will be launched in the current year, and are expected to do well.

Quadrant Processing

Two of Quadrant Processing's loss making trading activities were disposed of during the year:

- Estate agency photolabel interests were sold in August 1993 to ColourCare International Limited, generating a profit (including release of [illegible] provisions) of £925,000; and
- Imagesenter, the Edinburgh based presentation graphics business was sold to its management in December 1993, at a loss of £56,000 (plus a further £[illegible] of goodwill written back to reserves).

The remaining activity is the QuICK Imaging Centre in Bromsgrove. This business has been completely re-focused by new management to provide a comprehensive and sophisticated range of imaging services including graphic design, digital reprographics, lithographic printing and photoprocessing. A number of significant new clients have been attracted to the company and prospects for the coming year look encouraging.

Yewlands

Yewlands Engineering Co. was acquired by Quadrant on 18 March 1994, just after the end of our accounting year. Following the acquisition, Quadrant instigated a further review of certain matters by KPMG Peat Marwick. Although the work is not yet complete, early indications are that there could be a shortfall in net assets at 30 September, 1993 in the region of £500,000 to £1 million, against total warranted net operating assets of around £7 million (before deducting debt assumed). Discussions are under way with a view to obtaining compensation for the consequences of this shortfall.

Action has quickly been taken to ensure that Yewlands produces a satisfactory profit in the current year. Management changes and cost reductions totalling over £1.5 million on an annualised basis have already been successfully implemented, with total redundancy costs of around £240,000. Major customers have supported the changes at Yewlands and have given indications of potential growth in business over the coming months. The outstanding order book has increased by 15% since the acquisition.

The strategic opportunities open to Yewlands have been underlined by recent changes in procurement philosophy at two major customers, and we remain confident of the company's excellent medium and long term prospects.

Current Trading and Prospects

1994/95 should be another year of good progress for Quadrant. A team of experienced, energetic and capable operating managers is now in place and their attention is firmly focussed on producing acceptable levels of return on invested capital. We now have the base for generating substantial real growth in profits, organically and through further add-on acquisitions.

David Coghlan, Chief Executive
2 June, 1994

Directors and Advisers

Directors
Lord Rees (Chairman)
DJ Coghlan (Chief Executive)
V Ashe (Finance Director - resigned 2 June 1994)
RD Pike
JM Cangardel (Non-Executive)
NJ Taylor (Non-Executive)

Secretary and Registered Office
V Ashe FCA
Priory House, Pitsford Street
Birmingham B18 6LX

Bankers
Barclays Bank Plc
15 Colmore Row
Birmingham B3 2BY

Financial Advisers
Hambros Bank Limited
41 Tower Hill
London EC3N 4HA

Stockbrokers
Beeson Gregory Limited
The Registry, Royal Mint Court
London EC3N 4EY

Auditors
Coopers & Lybrand
1 Embankment Place
London WC2N 6NN

Solicitors
Macfarlanes
10 Norwich Street
London EC4A 1BD

Registrars and Transfer Office
Barclays Bank Plc
PO Box 34, Octagon House
Gadbrook Park, Northwich
Cheshire CW9 7RD

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 28 February 1994.

Principal activities

Quadrant Group has continuing interests in the following business areas:

the supply and distribution of photographic, video and electronic imaging products to independent photographic retailers and to professional, commercial, industrial and public sector customers,

the supply, design and installation of video equipment and systems to professional, commercial, industrial and public sector customers;

the provision of graphic design, reprographic, lithographic printing and photoprocessing services to estate agents and commercial and industrial customers.

Post Balance Sheet event

On 18 March 1994, following shareholder approval at an Extraordinary General Meeting held on 15 March 1994, the Company acquired Yewlands Engineering Co Limited ("Yewlands") from Carlton Communications plc (see Notes 20 and 26

Yewlands is a manufacturer of precision engineered components, primarily for the aerospace industry and is one of the ten or so largest independent airframe component manufacturers in the UK. It operates from a single freehold factory of approximately 82,000 square feet in Hainault, Essex.

Review of business and future developments

The consolidated profit and loss account for the year is set out on page 10

A review of the Group's activities during the year and its prospects for the future are contained in the Chairman's Statement on page 1 and the Chief Executive's Report on pages 2 to 3.

Changes in presentation of the financial statements

Following the introduction of Financial Reporting Standard No.3 'Reporting Financial Performance' the following changes in the presentation of the financial statements have been made to conform with the new requirements.

- Turnover and operating profit have been analysed between continuing and discontinued operations.
- Items previously treated as extraordinary have been reclassified as exceptional.
- A statement of total recognised gains and losses has been presented together with a reconciliation of movements in shareholders' funds.

Dividends and transfer to reserves

The consolidated profit attributable to shareholders for the year was £0.8 million (1993: loss £16.2 million). The Directors do not recommend the payment of a dividend and the retained profit for the year of £0.8 million (1993, loss £16.2 million) has been transferred to reserves.

Share capital

There were no changes during the year in the number of shares in issue.

At an Extraordinary General Meeting held on 15 March 1994 (see Notes 20 and 26) shareholders approved a special resolution authorising *inter alia* (i) the acquisition of Yewlands Engineering Co. Limited from Carlton Communications plc, (ii) an increase in the authorised share capital of the Company from £4,100,000 to £4,800,000 by the creation of 7,000,000 new ordinary shares of 10p each, (iii) a Placing and Open Offer of the Company's shares on the basis of one new share for every two held and (iv) the allotment of 1,600,000 ordinary shares to Carlton Communications plc.

As a result the number of authorised ordinary shares is now 48,000,000 and the number of ordinary shares allotted, called up and fully paid is 36,694,457.

Changes in fixed assets

The movements in fixed assets during the year are set out in Notes 12 and 13 to the financial statements. In the opinion of the Directors, the current value of land and buildings is not materially different from their carrying value.

Directors

The Directors of the Company during the year ended 28 February 1994 were as follows:

Lord Rees
DJ Coghlan
V Ashe (resigned 2 June 1994)
RD Pike
NJ Taylor
JM Cangardel (appointed 1 December 1993 – previously acted as alternate to DJ Coghlan)
AV Douglas (resigned 8 April 1993)

In accordance with the Articles of Association of the Company, NJ Taylor retires by rotation at the Annual General Meeting and, being eligible, offers himself for re-election at the Annual General Meeting.

In accordance with the Articles of Association of the Company, JM Cangardel who was appointed since the last Annual General Meeting will retire from the Board and, being eligible, offers himself for re-election at the Annual General Meeting.

Service contracts

DJ Coghlan has a service contract with the Company terminable on six months' notice whereby he is employed as Chief Executive.

Directors' interests in shares of the Company

The Directors' interests, required to be notified under Section 324 of the Companies Act 1985, in the Company's share capital are as shown in the tables below:

	Ordinary shares of 10p each 1994 Number	1993 Number
JM Cangardel	**3,295,000**	2,870,000
DJ Coghlan	**2,945,000**	2,870,000
NJ Taylor	**250,000**	-
RD Pike	**26,114**	1,114
Lord Rees	**25,000**	-

The interests of Mr Coghlan are registered in the names of Scawton Limited and his wife and the interests of Mr Cangardel are registered in the name of Lyon Burwell Limited.

	Exercise Dates	Option Price	Share Options 1994 Number	1993 Number
DJ Coghlan* (i)	June 1996 to June 2003	19p	**1,789,473**	-
V Ashe	June 1995 to June 2002	36p	**120,000**	120,000
V Ashe (i)	June 1996 to June 2003	19p	**50,000**	-
RD Pike	July 1994 to July 2001	84p	**75,000**	75,000
RD Pike (i)	June 1996 to June 2003	19p	**75,000**	-

The mid market price of the Company's shares at the beginning and end of the financial year was 17p and 35p respectively.

*The options granted to DJ Coghlan are only capable of exercise to the extent that the Company's issued share capital has increased sufficiently to ensure that the shares capable of being issued under all options granted by the Company may not exceed five per cent of the Company's issued share capital at the time of such exercise.

(i) These options were granted during the year. No options were exercised during the year.

Following the approval at an Extraordinary General Meeting (see Note 26) on 15 March 1994 of a Placing and Open Offer there have been the following changes in the Directors' shareholdings between 28 February 1994 and 5 May 1994:-

	5 May 1994 Number	28 February 1994 Number
JM Cangardel	**4,942,500**	3,295,000
DJ Coghlan	**4,417,500**	2,945,000
NJ Taylor	**250,000**	250,000
RD Pike	**39,171**	26,114
Lord Rees	**37,500**	25,000

Non-executive Directors

Lord Rees (age 67) graduated from Oxford University, was called to the Bar in 1953 and became a Member of Parliament for Dover in 1970. He is Deputy Chairman of Leopold Joseph Holdings plc and holds directorships in a number of companies including Fleming Mercantile Investment Trusts.

Jeremy Taylor (age 54) graduated with a law degree from Oxford University and trained in accountancy with Deloittes in London. He has wide experience in business, having lived in Hong Kong for 15 years where he built up the listed trading company Burwill Holdings Limited of which he was Chairman. He now lives in London and is a non executive director of a number of companies.

Jean-Marc Cangardel (age 43) holds a Masters degree in Economics from the University of Paris and an MBA from Harvard University. He was Managing Director of Union Industrielle & Maritime S.A., a conglomerate with international operations, listed and based in Paris. He is a non-executive director of Security Despatch Group Limited, and has a variety of other international business interests.

Directors' insurance

The Company maintains directors' and officers' insurance as permitted by Section 310 (3) of the Companies Act 1985.

Directors' interests in contracts

During the year DJ Coghlan and JM Cangardel were materially interested in certain contracts in relation to the Group's business. These interests are set out in Note 25 to the accounts. Other than DJ Coghlan and JM Cangardel no Director was materially interested in any contract which was significant in relation to the Group's business.

Substantial shareholdings

The Company has been notified that on 5 May 1994 the following shareholders, other than Directors, had interests held on behalf of clients (except in the case of Carlton Communications plc) amounting to in excess of 3 per cent of the issued share capital of the Company:

	Number	Percentage of issued share capital
Henderson Trust	3,272,479	8.92%
Schroder Investment Management Smaller Companies Fund	2,876,536	7.84%
Edinburgh Investment Trust plc	2,390,616	6.51%
MIM Britannia Smaller Companies Exempt Fund	2,365,104	6.45%
Carlton Communications plc	1,600,000	4.36%

Donations

The Group made no charitable or political donations during the year.

Employees

The Group's policy is to consult and discuss with employees current developments within the Group and to take account of their views in making decisions likely to affect their interests.

The Group makes every effort to recruit and continue the employment and training of those persons who are or become disabled.

Taxation status

The Company has been advised that it is not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors
A Resolution to reappoint the Auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

Authorities to allot and purchase shares
A Resolution will be proposed at the Annual General Meeting as an Ordinary Resolution to renew the existing authority to allot the authorised but unissued shares of the Company under Section 80 of the Companies Act 1985 for a futher period of five years from the date of the Meeting.

A Resolution will be proposed at the Annual General Meeting as a Special Resolution to renew the existing disapplication of the pre-emption provisions of Section 89(1) of the Companies Act 1985 so as to permit rights issues and small issues of shares for cash.

A Resolution will also be proposed at the Annual General Meeting as a Special Resolution to renew the existing authority for the Company to purchase its own shares.

The powers conferred by each of the above Special Resolutions will, when renewed, continue in force until the next Annual General Meeting. It is intended to seek authority for the renewal of such powers each year at the Annual General Meeting.

Statement of Directors' responsibilities
The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 28 February 1994. The Directors also confirm that applicable Accounting Standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that proper accounting records are maintained and for taking reasonable steps to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities.

Corporate Governance
The Board has reviewed the Code of Best Practice recommended by the Cadbury Committee and considers that the Company substantially complies with the Code apart from those recommendations relating to reporting on internal control and going concern in respect of which professional guidance remains to be developed. Except as noted below the Company complied during the period with the Code.

JM Cangardel was appointed as a non-executive Director on 1 December 1993. As a result the Company now complies with the Cadbury Committee's recommendation to appoint a minimum of three non-executive Directors. Documentation regarding the Matters Reserved for the Board, not adopted during the period, has been drafted and will be adopted by the Board in the near future.

By Order of the Board

V Ashe, FCA
Secretary
2 June 1994

Quadrant Group PLC
Registered Number:
1740011

Report of the Auditors

to the Members of Quadrant Group PLC

We have audited the financial statements on pages 10 to 26.

Respective responsibilities of Directors and Auditors

As described on page 8 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 company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 28 February 1994 and of the profit, total recognised gains and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditors

London, 2 June 1994

Consolidated Profit and Loss Account

For the year ended 28 February 1994

	Notes	1994 £'000	1993 £'000
Turnover	2		
Continuing operations		43,232	47,941
Discontinued operations		420	5,170
		43,652	53,111
Cost of sales	3	33,971	44,302
Gross profit		9,681	8,809
Net operating expenses	4	10,076	13,543
Operating loss	5		
Continuing operations		(269)	(3,913)
Discontinued operations		(126)	(821)
		(395)	(4,734)
Profit/(loss) on disposal of businesses	6	1,245	(8,523)
Reorganisation costs		-	(2,109)
Profit/(loss) before interest		850	(15,366)
Net interest payable	9	(64)	(529)
Profit/(loss) before taxation	2	786	(15,895)
Tax charge	10	-	(313)
Profit/(loss) attributable to shareholders		786	(16,208)
Earnings/(loss) per ordinary share	11	3.36p	(59.83)p
Losses per ordinary share - as previously reported	11		(25.96)p

Statement of total recognised gains and losses

	Notes	1994 £'000	1993 £'000
Total gains and losses recognised since last annual report:			
Profit/(loss) for the financial year		786	(16,208)
Translation loss on assets held in foreign currency		-	(694)
Total recognised gains and losses	22	786	(16,902)

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.

Balance Sheets

28 February 1994

		Group		Company	
		1994	1993	1994	1993
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12	5,632	3,905	24	41
Investments in subsidiaries	13	-	-	9,394	10,359
		5,632	3,905	9,418	10,400
Current assets					
Stocks	14	4,207	5,077	-	-
Debtors	15	7,624	6,793	9,624	7,048
Investments	16	115	166	115	166
Cash at bank and in hand		471	3,454	-	4,090
		12,417	15,490	9,739	11,304
Creditors: amounts falling due within one year	17	8,999	10,620	4,614	5,482
Net current assets		3,418	4,870	5,125	5,822
Total assets less current liabilities		9,050	8,775	14,543	16,222
Creditors: amounts falling due after more than one year	18	121	919	-	908
Net assets		8,929	7,856	14,543	15,314
Capital and reserves					
Called-up share capital	20	2,340	2,340	2,340	2,340
Share premium account	23	251	251	251	251
Other reserves	23	1,562	5,853	1,562	18,421
Profit and loss account	24	4,776	(588)	10,390	(5,698)
		8,929	7,856	14,543	15,314

The financial statements on pages 10 to 26 were approved by the Board of Directors on 2 June 1994 and were signed on its behalf by:

DJ Coghlan, Director
V Ashe, Director

Consolidated Cash Flow Statement

For the year ended 28 February 1994

	Notes	1994 £'000	1993 £'000
Net cash inflow/(outflow) from operating activities	29	162	(2,902)
Returns on investments and servicing of finance			
Interest received		72	862
Interest paid		(138)	(1,098)
Dividends paid		-	(666)
Net cash outflow from returns on investments and servicing of finance		(66)	(902)
Taxation			
UK corporation tax received/(paid)		55	(354)
Investing activities			
Purchase of tangible fixed assets		(2,773)	(2,258)
Sale of tangible fixed assets		529	958
Sale of current investments		61	12,320
Goodwill repaid/(paid)		50	(82)
Purchase of current investments		-	(10,000)
Purchase of own shares		-	(1,152)
Net cash outflow from investing activities		(2,133)	(214)
Net cash outflow before financing		(1,982)	(4,372)
Financing			
New finance leases		226	-
Repayment of debentures and loans		(1,185)	(5,140)
Payment of principal under finance leases		(42)	(7)
Net cash outflow from financing		(1,001)	(5,147)
Decrease in cash and cash equivalents	30	(2,983)	(9,519)

Notes to the Financial Statements

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important Group accounting policies, which have been consistently applied, is set out below.

a) *Basis of accounting*

The financial statements are prepared in accordance with the historical cost convention.

b) *Basis of consolidation*

The consolidated financial statements include those of the Company and all its subsidiaries on an acquisition accounting basis. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

c) *Turnover*

Turnover, which excludes value added tax, sales between Group companies and trade discounts, represents the invoiced value of goods and services supplied during the year.

d) *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned commencing on the first day of the month following acquisition. The principal annual rates used for this purpose are:

Freehold buildings	1%
Fixtures and fittings	15%
Plant and equipment (including computers)	10% - 20%
Motor vehicles	25%

Leasehold land and buildings and improvements are written off over 50 years or, if shorter, the period of the lease. Freehold land is not depreciated.

e) *Leased assets*

Assets acquired under finance leases, including hire purchase agreements where applicable, are capitalised and depreciated in accordance with the Group's depreciation policy. The capital element of future lease payments is included in the balance sheet as obligations under finance leases.

Payments under operating leases are charged wholly to the profit and loss account in the year in which they are incurred.

f) *Goodwill*

Goodwill arising on consolidation, being the excess of the purchase price over the fair value of the net assets of subsidiary companies at the date of acquisition, is written off immediately on acquisition against reserves.

g) *Stocks*

Stocks are stated at the lower of invoiced cost and net realisable value. Provision is made for obsolete, slow moving and defective stock.

h) *Current investments*

Current investments are valued at the balance sheet date at the lower of cost and mid market value.

i) *Deferred taxation*

Deferred taxation is provided in respect of material timing differences to the extent that it is probable that such differences will crystallise in the foreseeable future.

j) Pension costs

The Group operates various pension schemes, the principal one of which is the Quadrant Group PLC Retirement Benefit Scheme, a defined benefit scheme.

Contributions to the Group's defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations to pension costs caused by differences between the assumptions used and actual experience are spread over the remaining service lives of the current employees as determined at each actuarial valuation date.

Contributions to the other Group schemes, which are defined contribution schemes, are charged to the profit and loss account as incurred.

k) Foreign currency

All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

l) Investment income

Income from investments is included, together with the related tax credit, in the consolidated profit and loss account on an accruals basis.

m) Financial Reporting Standard No.3 – "Reporting Financial Performance"

Following the introduction of Financial Reporting Standard No.3 – 'Reporting Financial Performance' the presentation of the financial statements has been amended to conform with the new requirements. Where appropriate comparative figures have been restated.

2 Analysis of turnover, profit/(loss) before taxation and net assets

	Turnover		Profit/(loss) before taxation		Net assets	
	1994	1993	1994	1993	1994	1993
Business sector	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Photographics	**36,403**	39,406	**340**	(588)	**4,810**	5,952
Video Systems	**5,964**	7,278	**42**	(982)	**2,485**	2,509
Processing	**865**	1,257	**(247)**	(953)	**845**	(446)
Financial activities	**-**	-	**-**	947	**115**	166
Discontinued activities	**420**	5,170	**(126)**	(821)	**-**	-
	43,652	53,111				
Profit/(loss) before central costs, exceptional items and interest			**9**	(2,397)		
Central costs			**(404)**	(1,044)		
Exceptional items			**1,245**	(10,632)		
Exceptional cost of sales and operating expenses			**-**	(1,293)		
			850	(15,366)		
Net interest payable			**(64)**	(527)		
Profit/(loss) before taxation			**786**	(15,893)		
Net operating assets					**8,255**	8,181
Unallocated net assets/(liabilities)					**674**	(325)
Net assets					**8,929**	7,856

Analysis by geographical area	Turnover 1994 £'000	1993 £'000	Profit/(loss) before taxation 1994 £'000	1993 £'000	Net assets 1994 £'000	1993 £'000
United Kingdom	41,765	47,141	135	(1,612)	8,255	8,181
Rest of the World	1,467	800	-	36	-	-
Discontinued activities	420	5,170	(126)	(821)	-	-
	43,652	53,111				
Profit/(loss) before central costs, exceptional items and interest			9	(2,397)		
Central costs			(404)	(1,044)		
Exceptional items			1,245	(10,632)		
Exceptional cost of sales and operating expenses			-	(1,293)		
			850	(15,366)		
Net interest payable			(64)	(529)		
Profit/(loss) before taxation			786	(15,895)		
Net operating assets					8,255	8,181
Unallocated net assets/(liabilities)					674	(325)
Net assets					8,929	7,856

Net operating assets includes tangible fixed assets, stocks, debtors and creditors arising on operating activities.

Unallocated net assets/(liabilities) includes head office assets (including the freehold premises at Coventry), cash less borrowings and other common liabilities.

All material turnover originates from the United Kingdom.

3 Cost of sales

Cost of sales are made up as follows:

	Continuing £'000	Discontinued £'000	1994 Total £'000	Continuing £'000	Discontinued £'000	1993 Total £'000
Cost of sales	33,936	35	33,971	40,012	4,290	44,302

The comparative figure for cost of sales of continuing activities includes £930,000 in respect of items previously shown as exceptional.

4 Net operating expenses

Net operating expenses are made up as follows:

	Continuing	Discontinued	1994 Total	Continuing	Discontinued	1993 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Distribution costs	3,861	13	3,874	4,270	69	4,339
Administration expenses	5,828	498	6,326	8,606	1,632	10,238
	9,689	511	10,200	12,876	1,701	14,577
Other operating income including financial activities	(124)	-	(124)	(1,034)	-	(1,034)
Net operating expenses	9,565	511	10,076	11,842	1,701	13,543

The comparative figure for administration costs of continuing activities includes £363,000 in respect of items previo• 'y shown as exceptional.

5 Operating loss

Operating loss is stated after charging/(crediting):

	1994	1993
	£'000	£'000
Auditors' remuneration (Company £25,000; 1993 £30,000)	70	126
Depreciation of fixed assets held under finance leases	36	37
Depreciation of other fixed assets	553	1884
(Profit)/loss on disposal of fixed assets	(72)	12
Rental payments under operating leases – plant & machinery	337	123
– other	556	573
Rental income receivable	(31)	(31)

Non audit fees paid to Coopers & Lybrand amounted to £42,000 for taxation services and other consultancy work (1993: £338,000).

6 Profit/(loss) on disposal of businesses

	1994	1993
	£'000	£'000
Profit on disposal of interests in estate agency photolabel activities	622	-
Prior year provisions relating to the above no longer required	303	-
Profit on disposal of interest in shipping activities	448	-
Loss on disposal of Imagesenter	(56)	-
Goodwill charge arising on the disposal of Imagesenter	(72)	-
Write down in value of ships and costs relating to disposal	-	(8,201)
Additional expenses relating to the dispo al of the communications operations	-	(322)
	1245	(8,523)

7 Directors' emoluments

	1994 £'000	1993 £'000
Fees	2	20
Other emoluments (including benefits in kind)	289	265
Pension contributions	11	18
Compensation for loss of office	–	190
	302	493

Fees and other emoluments (excluding pension contributions and compensation for loss of office) include the following amounts paid to:

	1994 £'000	1993 £'000
The Chairman	30	30
The highest paid Director	85	110

Other emoluments include a bonus of £10,000 paid to V Ashe for achieving certain performance objectives.

The number of Directors (including the Chairman and the highest paid Director) who received fees and other emoluments (excluding pension contributions and compensation for loss of office) in the following ranges was:

			1994 Number	1993 Number
£0	to	£5,000	1	2
£5,001	to	£10,000	1	–
£15,001	to	£20,000	1	2
£25,001	to	£30,000	1	1
£40,001	to	£45,000	–	[illegible]
£60,001	to	£65,000	–	1
£65,001	to	£70,000	1	–
£75,001	to	£80,000	1	–
£85,001	to	£90,000	1	–
£110,001	to	£115,000	–	1

Part of the fees in respect of the services of JM Cangardel, included above, were paid to The Fitzhardinge Group Limited (see Note 25).

8 Employee information

The average weekly number of persons (including Executive Directors) employed by the Group during the year was:

Class of business	1994 Number	1993 Number
Photographics	188	198
Video Systems	84	105
[illegible]essing	54	107
Head Office	5	9
	331	419

Staff costs (for the above persons)	£'000	£'000
Wages and salaries	4,550	5,93[illegible]
Social security costs	419	563
Pension costs	76	[illegible]
	5,045	[illegible]

9 Net interest payable

	1994 £'000	1993 £'000
Interest receivable and similar income	109	305
Interest payable (on amounts repayable within one year, not by instalments)	(173)	(834)
	(64)	(529)

10 Tax charge

	1994 £'000	1993 £'000
United Kingdom corporation tax at 33% (1993: 33%)	-	-
Prior year over provision	-	(239)
Capital Gains Tax	-	552
	-	313

11 Earnings/(loss) per ordinary share

The calculation of earnings/(loss) per ordinary share is based on the profit after taxation for the year of £786,000 (1993: loss £16,208,000) and on 23,396,305 shares (1993: 27,088,770) being the weighted average number of shares in issue and ranking for dividend during the year. The losses per share for the year ended 28 February 1993 have been restated to reflect the reporting requirements under FRS3.

12 Tangible fixed assets

Group	Freehold £'000	Land and Buildings Long leasehold £'000	Land and Buildings Short leasehold £'000	Plant, equipment and motor vehicles £'000	Total £'000
Cost:					
At 1 March 1993	1,265	1	977	5,732	7,975
Additions	1,760	-	22	991	2,773
Disposals/write-offs	-	-	(44)	(1,314)	(1,358)
At 28 February 1994	3,025	1	955	5,409	9,390
Depreciation:					
At 1 March 1993	39	1	257	3,773	4,070
Charge for the year	16	-	76	497	589
Disposals/write-offs	-	-	(3)	(898)	(901)
At 28 February 1994	55	1	330	3,372	3,758
Net book value:					
At 28 February 1994	2,970	-	625	2,037	5,632
At 28 February 1993	1,226	-	720	1,959	3,905

The net book value of plant, equipment and motor vehicles includes assets held under finance leases of £211,000 (1993: £21,000).

Company	Short leasehold land & building	Plant, equipment and motor vehicles	Total
Cost:	£'000	£'000	£'000
At 1 March 1993	9	64	73
Additions	-	4	4
Disposals/write-offs	-	(29)	(29)
At 28 February 1994	9	39	48
Depreciation:			
At 1 March 1993	8	24	32
Charge for the year	-	10	10
Disposals/write-offs	-	(18)	(18)
At 28 February 1994	8	16	24
Net book value:			
At 28 February 1994	1	23	24
At 28 February 1993	1	40	41

13 Investments in subsidiaries

Shares in subsidiary companies		Company 1994	1993
At cost less amounts written off:		£'000	£'000
Balance at 1 March		10,359	16,048
Additional investment in existing or new subsidiaries		-	6,370
Adjustments arising on deferred consideration on acquisitions		(215)	(35)
Acquisition expenses		-	11
		10,144	22,394
Less:	Amounts written off against the value of investments in subsidiary companies	(750)	(7,600)
	Disposal of shipping companies	-	(4,435)
Net book value: at 28 February		9,394	10,359

In the opinion of the Directors the value of the Company's investments in its subsidiaries is not less than their aggregate carrying value.

Goodwill of £215,000 has been written back to other reserves during the year as a result of the adjustments to deferred and other consideration on acquisitions.

A list of principal subsidiaries is provided on page 27.

14 Stocks

	Group 1994	1993
	£'000	£'000
Raw materials and consumables	73	107
Finished goods for resale	4,134	4,970
	4,207	5,077

No stocks were held by the parent company.

15 Debtors

Amounts falling due within one year:	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Trade debtors	5,878	6,136	-	-
Amounts owed by subsidiaries	-	-	9,057	6,660
Other debtors	1,411	511	550	375
Prepayments	335	146	17	13
	7,624	6,793	9,624	7,048

16 Current investments

	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Balance sheet value	115	166	115	166
Original cost	378	806	378	806

The profit before tax includes provisions of £7,000 (1993: £388,000) relating to these investments.

Current investments includes £nil (1993: £44,000) in respect of listed investments.

17 Creditors: amounts falling due within one year

	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Bank overdraft (secured)	-	-	637	-
Unsecured debentures	734	1,191	734	1,191
Trade creditors	4,885	4,781	72	317
Amounts owed to subsidiaries	-	-	2,162	1,935
Corporation tax	554	499	-	459
Other taxation and social security	223	297	16	28
Other creditors	706	1,017	63	522
Pension scheme reserve	393	340	393	340
Obligations under finance leases	83	9	-	
Accruals and deferred income	1,421	2,486	537	690
	8,999	10,620	4,614	5,482

The unsecured debentures which were issued on 1 August 1991, 1 April 1992 and 1 October 1992 are repayable at the option of the debenture holders and redeemable by the Company between 18 and 36 months from the date of issue. Interest is payable at a rate equivalent to the base rate of Barclays Bank PLC.

The bank overdraft is part of a pool facility and cross guarantees with the Quadrant group of companies which was in a credit position at 28 February 1994.

18 Creditors: amounts falling due after more than one year

	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Unsecured debentures/estimated maximum final deferred consideration	-	908	-	908
Obligations under finance leases	121	11	-	-
	121	919	-	908

	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Payable in: one to two years	75	914	-	908
two to five years	46	5	-	-
	121	919	-	908

19 Pensions

The Group operates various pension schemes, the principal one of which is the Quadrant Group PLC Retirement Benefit Scheme, a defined benefit scheme.

The most recent actuarial valuation of the Quadrant Group PLC Retirement Benefit Scheme was carried out at 1 July 1992 by Philip G.M. Chanrick, Consulting Actuary, using the Projected Unit Method modified by use of a twenty year control period to stabilise costs. The assets of the scheme have been valued using the Discounted Income Method.

The key economic assumptions adopted in the valuation were as follows:

Long Term Interest Rate: 9% per annum;

Salary Escalation Rate: 7% per annum;

Pension Escalation Rate: 2.5% per annum until introduction of Limited Price Indexation.

The valuation showed that the actuarial value of the Scheme's assets at 1 July 1992 was £2,387,000 and that the "Going Concern Funding Level" was 123%. This surplus is being reduced by the suspension of employer's contributions for a five year period which commenced on 1 July 1989.

The amount charged to the profit and loss account under defined contribution pension schemes was £26,000 (1993: £76,000)

20 Called up share capital

	Ordinary Shares of 10p each 1994 Number	1994 £'000	1993 Number	1993 £'000
Authorised	41,000,000	4,100	41,000,000	4,100
Allotted, called up and fully paid	23,396,305	2,340	23,396,305	2,340

At an Extraordinary General Meeting held on 15 March 1994 (see Note 26) shareholders approved a special resolution authorising *inter alia* (i) the acquisition of Yewlands Engineering Co Limited from Carlton Communications Plc, (ii) an increase in the authorised share capital of the Company from £4,100,000 to £4,800,000 by the creation of 7,000,000 new ordinary shares of 10p each, (iii) a Placing and Open Offer of the Company's shares on the basis of one new share for every two held and (iv) the allotment of 1,600,000 ordinary shares to Carlton Communications plc.

The Placing and Open Offer was priced at 35 pence per share and, together with the shares allotted to Carlton, raised £4.7m.

As a result the number of authorised ordinary shares is now 48,000,000 and the number of ordinary shares allotted, called up and fully paid is 36,694,457.

21 Options on shares of Quadrant Group PLC

Options have been granted and were still outstanding at 28 February 1994 for 2,509,473 shares (1993: 1,099,965) at prices ranging from 19p to 84p exercisable on dates between July 1994 and June 2003. These options include 1,789,473 options for DJ Coghlan. Under the terms of grant of these options, DJ Coghlan's options will only be capable of exercise to the extent that the Company's issued share capital has increased sufficiently to ensure that Ordinary Shares capable of being issued under all options granted by the Company may not exceed five per cent of the Company's issued share capital at the time of exercise.

22 Reconciliation of movements in shareholders' funds

Group	1994 £'000	1993 £'000
Total recognised gains/(losses) in the financial year	786	(16,902)
Write off of goodwill previously written off to other reserves	72	-
Goodwill adjustment	215	(47)
Cost of own shares purchased	-	(1,152)
New shares issued as scrip dividend	-	12
Net movement on shareholders' funds	1,073	(18,089)
Opening shareholders' funds	7,856	25,945
Closing shareholders' funds	8,929	7,856

23 Share premium account and other reserves

The movements on the share premium account and other reserves during the year were as follows:

Group	Share Premium Account £'000	Other Reserves £'000
Balance at 1 March 1993	251	5,853
Goodwill adjustment	-	215
Transfer from profit and loss account	-	72
Transfer to profit and loss account retained reserves	-	(4,578)
Balance at 28 February 1994	251	1,562

Cumulative goodwill written off against reserves amounts to £11.3 million (1993: £11.6 million).

Company	Share Premium Account £'000	Other Reserves £'000
Balance at 1 March 1993	251	18,421
Transfer to profit and loss account retained reserves	-	(16,859)
Balance at 28 February 1994	251	1,562

Other reserves include £847,000 (1993: £847,000) in respect of a Capital Redemption Reserve Fund which is undistributable.

At the time of the reduction of the Company's share premium account in 1989, an undertaking was given to the High Court that, until certain conditions were satisfied, the reserve in the Company's balance sheet arising from such reduction would be treated as non-distributable. These conditions have now been satisfied and, accordingly, £16.9 million of the Company's previously non-distributable reserves are now distributable and have been transferred to profit and loss account reserves.

24 Profit and loss account

The movement on consolidated retained profits is analysed below:

	Group £'000	Company £'000
Balance at 1 March 1993	(588)	(5,698)
Retained profit/(loss) for the year	786	(771)
Transfers from other reserves	4,578	16,859
Balance at 28 February 1994	4,776	10,390

The consolidated result attributable to the shareholders of Quadrant Group PLC for the year includes a loss of £771,000 which has been dealt with in the accounts of that Company. Quadrant Group PLC has taken advantage of the legal dispensation allowing it not to publish a separate profit and loss account.

25 Related party transactions

(i) Fees paid between 1 March and 30 November 1993 on behalf of Mr DJ Coghlan's alternate, Mr JM Cangardel were paid to The Fitzhardinge Group Limited ("Fitzhardinge") in which Mr. Coghlan has an interest. During the year fees amounting to £7,500 were paid under these arrangements. On 1 December 1993 Mr JM Cangardel was appointed a non-executive Director of the Company and subsequent to this appointment his fees have been paid direct to him.

(ii) Fitzhardinge holds the lease on the 3rd floor of 14 Old Bond Street, London W1X 3DB. With effect from 1 March 1993 Quadrant Group Plc occupied part of these premises and have since reimbursed, on a cost basis, the costs of occupying the premises. The amount paid in the year under this arrangement amounted to £21,450.

(iii) Security Despatch Group Limited, in which Messrs Coghlan and Cangardel have an interest, provides courier services on an arm's length basis to the Company and one of its subsidiaries. The value of services provided during the year amounted to £39,000.

26 Subsequent event

At an Extraordinary General Meeting of the Company on 15 March 1994 shareholders approved a special resolution authorising the following:-

(i) the acquisition by the Company of the entire issued share capital of Yewlands Engineering Co. Limited ("Yewlands") substantially on the terms and conditions of an agreement dated 17 February 1994 and made between the Company and Carlton Communications plc ("Carlton");

(ii) an increase in the authorised share capital of the Company from £4,100,000 to £4,800,000 by the creation of 7,000,000 new ordinary shares of 10p each; and

(iii) the Directors to exercise all powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £2,276,897.80, such authority to expire on 15 March 1999.

Following the above shareholders' approval the entire issued share capital of Yewlands was acquired from Carlton for £2.66 million paid in cash, on 18 March 1994. On the same date Carlton paid to the Company a total of £2.16 million in cash. £1.6 million of this was in exchange for a non-interest bearing loan note repayable to Carlton in March 1996 and the balance of £0.56 million was used by Carlton to subscribe for 1.6 million ordinary shares in the Company which Carlton has agreed to hold for a minimum period of 2 years.

27 Capital commitments

At the year end there were no material contractual commitments not provided for in these financial statements.

28 Operating lease commitments

The Group is committed to making operating lease payments during the next year as follows:

	1994	1993
Operating leases which expire:	£'000	£'000
Within one year	185	114
Within two to five years	279	468
After five years	372	437
	836	1,019

The above commitments include £514,000 (1993: £591,000) in respect of land and building leases.

29 Net cash inflow/(outflow) from operating activities

	1994	1993
	£'000	£'000
Operating loss on continuing activities	(269)	(3,913)
Depreciation	554	1,202
(Profit)/loss on sale of fixed assets and current investments	(132)	12
Decrease in stocks	870	554
(Increase)/decrease in debtors	(257)	3,588
Decrease in creditors	(69)	(384)
Revaluation of current investments	7	(942)
Net cash inflow from continuing operating activities	704	117
Net cash outflows in respect of discontinued activities and re-organisation costs	(542)	(3,019)
Net cash inflow/(outflow) from operating activities	162	(2,902)

30 Cash and cash equivalents

	1994	1993
Changes during the year:	£'000	£'000
At 1 March	3,454	12,961
Net cash outflow	(2,983)	(9,519)
Effect of foreign exchange rates	-	12
At 28 February	471	3,454

31 Analysis of changes in financing

	Share Capital (including premium)	
	1994	1993
	£'000	£'000
At 1 March	2,591	3,120
Purchase of own shares	-	(529)
At 28 February	2,591	2,591

	Loans, unsecured debentures and finance lease obligations	
	1994	1993
	£'000	£'000
At 1 March	1,211	6,486
Debentures issued during the year which were previously accrued as deferred consideration	728	-
New finance leases	226	-
Loan repayments	(1,185)	(5,140)
Repayment of principal on finance leases	(42)	(7)
Effect of foreign exchange rates	-	(128)
At 28 February	938	1,211

Principal Subsidiaries

Sangers Limited
Consumer photographics and video
Priory House
Pitsford Street
Birmingham B18 6LX
Tel: 021 523 4471

Premier Distribution Limited
Distribution
83 Middlemore Road
Smethwick
Warley
West Midlands B66 2EP
Tel: 021 555 5776

Leeds Photovisual Limited
Professional photographics and electronic imaging
20-22 Brunswick Centre
Bernard Street
London WC1N 1AN
Tel: 071 833 1661
(Branches at Birmingham, Leeds, Manchester and Newport)

Quadrant Video Systems Limited
Professional video
[illegible] o Centre
3A Attenborough Lane
Chilwell
Nottingham NG9 5JN
Tel: 0602 252521
(Branches at Birmingham, London, Manchester and Sheffield)

Quadrant Processing Limited
Graphic design, digital reprographics, lithographic printing and photoprocessing
23 Sherwood Road
Bromsgrove
Worcestershire B60 3DR
Tel: 0527 871648

Yewlands Engineering Company Limited *(Acquired subsequent to the year end)*
Precision engineering
35/41 Fowler Road
Hainault
Essex IG6 3XB
Tel: 081 500 1933

Quadrant Group PLC owns 100% of the ordinary shares of the above wholly owned subsidiaries which are all registered and operate in England and Wales. In the case of Sangers Limited the Company owns 100% of the 9% Cumulative Preference Shares and Deferred Ordinary Shares in issue and in the case of Leeds Photovisual Limited 100% of the Deferred Ordinary Shares in issue. All are directly held by Quadrant Group PLC except for Premier Distribution Limited.

Notice of Meeting

Notice is hereby given that the eleventh Annual General Meeting of Quadrant Group PLC will be held at 41 Tower Hill, London, EC3N 4HA on 12 July 1994 at 11.00 am for the following purposes:

Ordinary Business

1. Resolution No.1 – To receive and adopt the Directors' Report and Audited Accounts for the year ended 28 February 1994.
2. Resolution No.2 – To re-elect as a Director NJ Taylor, who being eligible, submits himself for re-election.
3. Resolution No.3 – To re-elect as a Director JM Cangardel, who being eligible, submits himself for re-election.
4. Resolution No.4 – To re-appoint Coopers & Lybrand as Auditors to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to set their remuneration.
5. To transact any other ordinary business of the Company.

Special Business

To consider and, if thought fit, to pass the following Resolutions of which Resolutions 5 and 7 will be Special Resolutions and Resolution 6 will be an Ordinary Resolution:

6. Resolution No.5 – That the Company be and is hereby generally and unconditionally authorised to make market purchases (as defined in Section 163(3) of the Companies Act 1985 "the Act") of Ordinary Shares of 10p in the capital of the Company PROVIDED THAT:
   (1) The maximum number of shares hereby authorised to be acquired is 3,669,445 (representing 10 per cent of the present issued Ordinary Share Capital of the Company).
   (2) The minimum price which may be paid for such shares is 10p per share (exclusive of all expenses).
   (3) The maximum price which may be paid for such shares is in respect of a share contracted to be purchased on any day, an amount (exclusive of expenses) equal to 5 per cent above the average middle market quotations of the Ordinary Shares of the Company as derived from the Daily Official List of the London Stock Exchange on the 10 dealing days immediately preceding the day on which the share is contracted to be purchased.
   (4) The authority hereby conferred shall expire on the date of the next Annual General Meeting of the Company after the passing of this Resolution.
   (5) The Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of such contract.
7. Resolution No.6 – That in accordance with Section 80 of the Act the Directors be and are hereby authorised to exercise all the powers of the Company to allot relevant securities up to a maximum nominal amount of £1,130,554.30 such authority (unless previously revoked, varied or renewed) to expire on 22 June 1999 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, and such authority shall be in substitution for any or all authorities previously conferred upon the Directors for the purposes of Section 80 of the Act.
8. Resolution No.7 – That:
   (1) In accordance with Section 95 of the Act the Directors be and are hereby given power to allot equity securities pursuant to the authorities conferred by Resolution No.6 above as if sub-section (1) of Section 89 of the Act did not apply to any such allotment PROVIDED THAT:
      a) The power hereby granted shall be limited to the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the numbers of shares which such other persons are for these purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may feel necessary to deal with fractional entitlements or legal or practical problems under the laws of or the requirements of any recognised regulatory body in any territory;

b) The power hereby granted shall be limited to the allotment (otherwise than pursuant to sub-paragraph (a) of this proviso) of equity securities up to an aggregate nominal amount of £183,472; and

c) The power hereby granted shall expire on the date of the next Annual General Meeting of the Company after the passing of this Resolution.

(2) The said power shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would or might require equity securities to be allotted after such expiry.

(3) Words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meaning herein.

By Order of the Board
V Ashe, FCA
Secretary
2 June 1994

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on a poll instead of him. A proxy need not also be a member. To be effective, proxy forms must be received at the office of the Registrars of the Company not less than 48 hours before the time fixed for the meeting.

2. Copies of the Directors' service agreements will be available for inspection at the Head Office of the Company during normal working business hours from 2 June 1994 to the day of the Annual General Meeting and on that day at the place of the meeting for 15 minutes prior to and during the continuance of the meeting.

3. The register of Directors' shareholdings and transactions will be available for inspection at the commencement of, and during the continuance of, the Annual General Meeting.

QUADRANT GROUP PLC

Form of Proxy

For use at the Annual General Meeting to be held on 12 July 1994 commencing at 11.00 am.

I/We ____

(please complete in block capitals)

of ____

being (a) member(s) of Quadrant Group PLC hereby appoint the Chairman of the meeting (see note 4) or

____ of

____

as my/our proxy to vote for me/us and on my/our behalf in the manner indicated below at the Annual General Meeting of the Company to be held on 12 July 1994 and at any adjournment thereof in connection with the resolutions set out in the Notice of Meeting.

RESOLUTIONS

ORDINARY BUSINESS	FOR	AGAINST
1. To receive and adopt the Report and Accounts		
2. To re-elect N J Taylor as a Director		
3. To re-elect JM Cangardel as a Director		
4. To reappoint the Auditors and to authorise the Directors to set their remuneration		
SPECIAL BUSINESS		
5. To authorise the Company to purchase its own shares		
6. To authorise the Directors to allot shares		
7. To authorise the Directors to allot shares other than subject to pre-emption		

Dated this ______________ day of ______________________ 1994

Signature ____

NOTES

1. Completed forms of proxy must be lodged with the Company's registrars, Barclays Bank Plc, not later than 48 hours before the time for holding the meeting.
2. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which names stand in the Register of Members in respect of the joint holding.
3. Please indicate how you wish your votes to be cast by inserting a cross in the relevant box. Unless otherwise instructed above the Proxy will vote or abstain from voting as he thinks fit.
4. If you wish to appoint some other person please insert his/her name and address, initial the insertion and strike out the words "the Chairman of the meeting".
5. In the case of a corporation this form should be executed under its common seal or the hand of a duly authorised officer

Five Year Financial Summary

	1994 £'000	1993 £'000	1992 £'000	1991 £'000	1990 £'000
Turnover					
Continuing activities	43,232	47,941			
Discontinued activities	420	5,170			
Total turnover	43,652	53,111	51,940	54,500	70,606
Profit/(loss) before tax					
Continuing activities	(333)	(4,442)			
Discontinued activities	1,119	(11,453)			
Total profit/(loss) before tax	786	(15,895)	(9,561)	2,183	20,951
Earnings/(loss) per share based on actual tax charge	3.36p	(59.83)p	(28.33)p	4.17p	64.34p
Net assets per share	**38.16p**	**33.58p**	**90.48p**	**101.72p**	**106.44p**

The above figures for 1993 and 1994 have been restated to fully comply with the requirements of FRS 3. It has not been practical to split the figures between continuing and discontinued activities for earlier years.