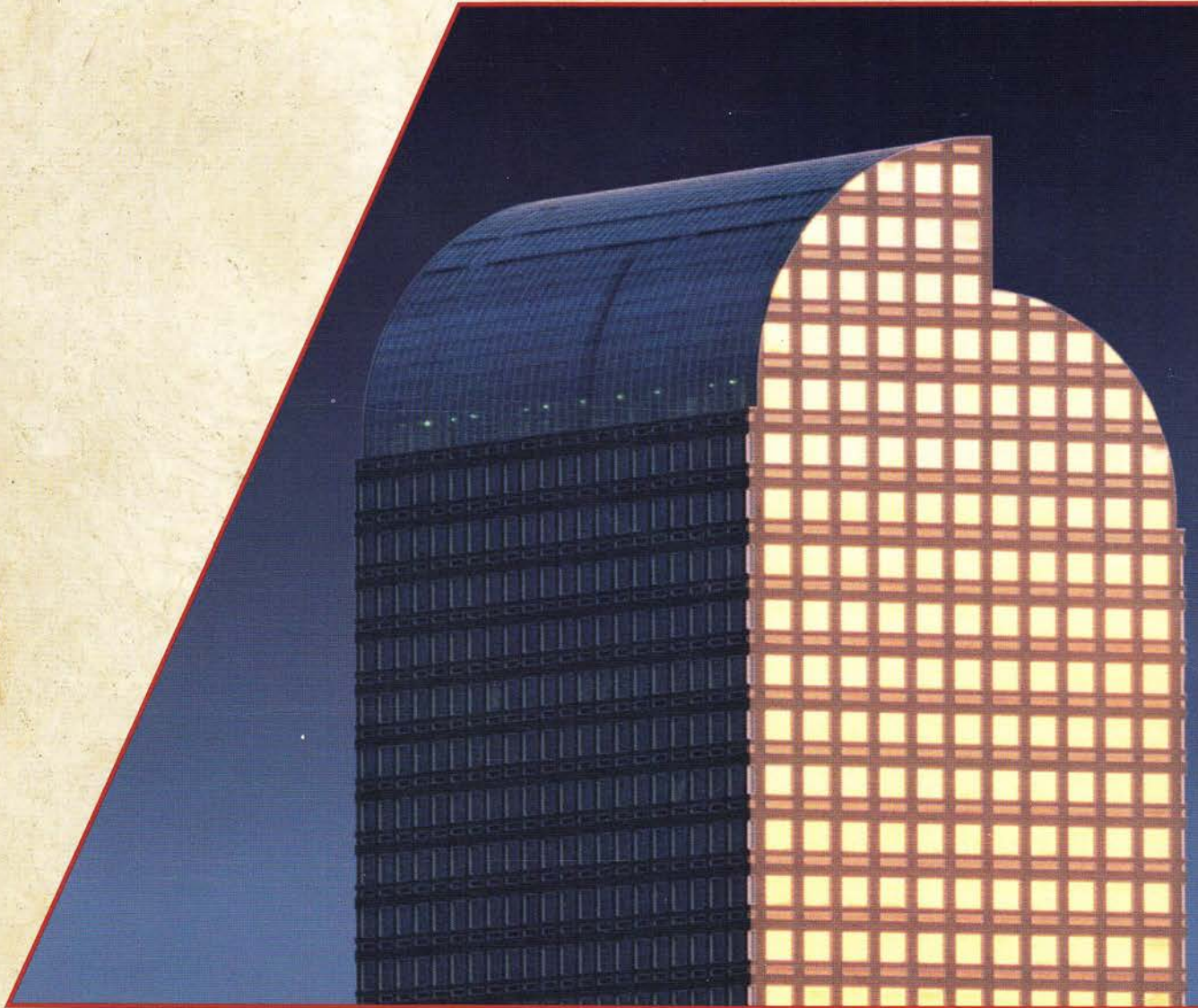


ANNUAL REPORT

Fronteer



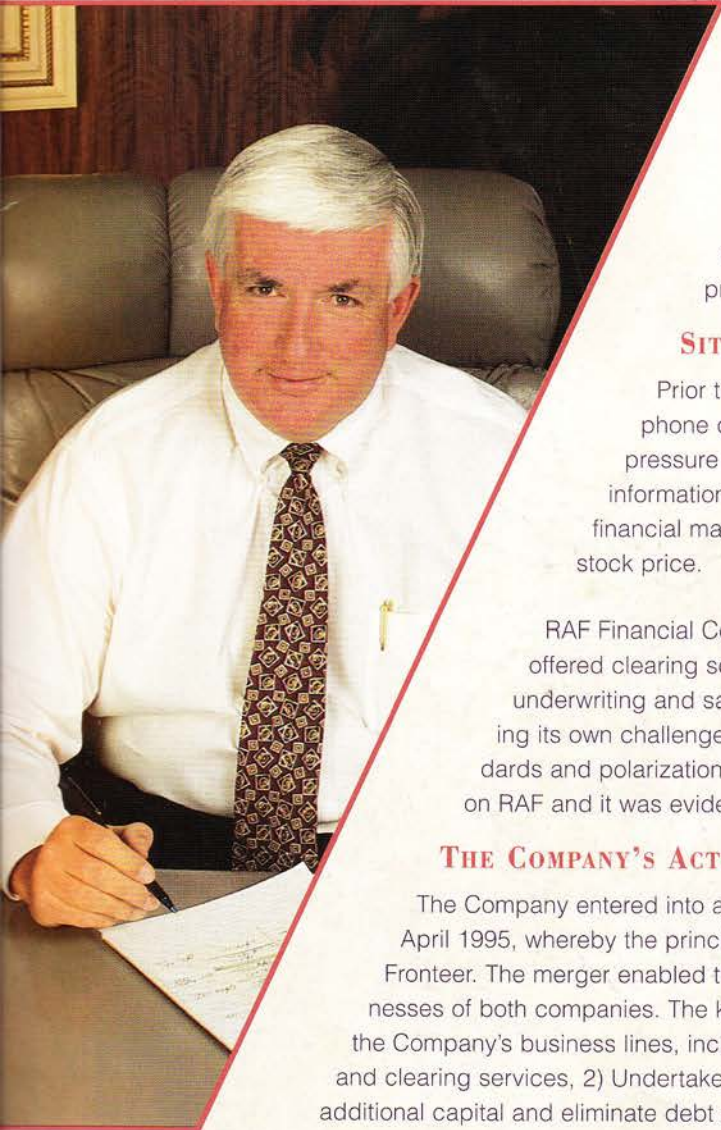
RAF FINANCIAL • SECUTRON • MIDRANGE SOLUTIONS

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Table of Contents

PAGE 1	Chairman's letter
PAGES 2-3	Chairman's letter, continued
PAGES 4-5	RAF Financial Corporation/Brokerage
PAGE 6	Corporate/Municipal Finance
PAGE 7	Multi-Source Services Inc.
PAGES 8-9	Secutron Corporation
PAGE 10	Midrange Solutions Corporation
PAGES 11-12	New Business Lines

From the Chairman of the Board



Dear Shareholders;

With the deepest respect, I would like to introduce myself to you in this, my inaugural letter to shareholders of the Company that has been Fronteer Directory Company Inc.

The Company as you may have known it has been dramatically restructured and recapitalized and has embarked in a new and promising direction.

SITUATION PRIOR TO 1995

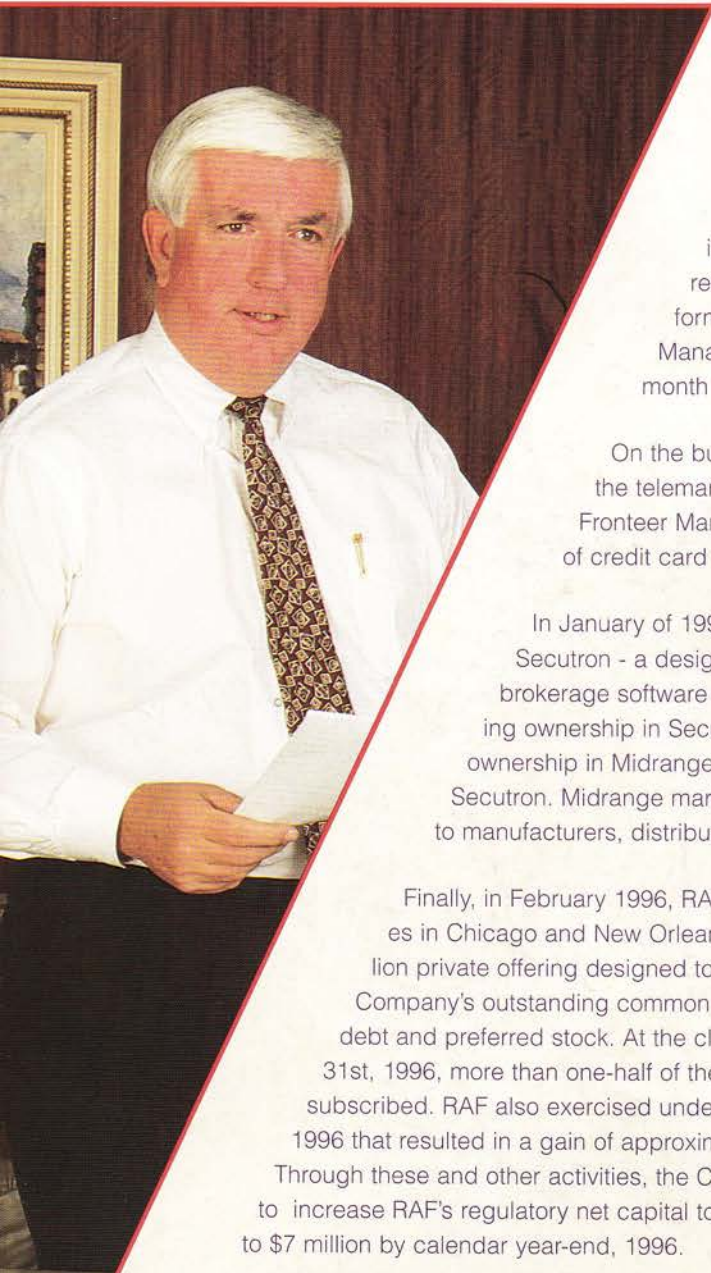
Prior to April 1995, the Company's primary business was publishing telephone directories in seven midwestern and Rocky Mountain states. Under pressure from better capitalized competitors and technological advances in information retrieval, the directory business faced an uncertain future. The financial markets did not recognize Fronteer's true worth as measured by its stock price.

RAF Financial Corp. is a Denver-based brokerage and securities firm that has offered clearing services, underwriting of securities, research and fixed income underwriting and sales. While Fronteer's business future was uncertain, RAF was facing its own challenges. Changes in the securities industry, including higher capital standards and polarization in the marketplace for clearing organizations, created pressures on RAF and it was evident that RAF needed to raise capital in order to compete.

THE COMPANY'S ACTION STEPS

The Company entered into a reverse merger with RAFCO, Ltd., a private holding company, in April 1995, whereby the principal stockholders of RAFCO, Ltd., gained a controlling interest in Fronteer. The merger enabled the Company to maximize the strengths and minimize the weaknesses of both companies. The key elements of the new business plan are to 1) Divest several of the Company's business lines, including the directory business and all or parts of RAF's bank and clearing services, 2) Undertake aggressive expansion of the retail brokerage business, 3) Obtain additional capital and eliminate debt and equity servicing obligations from the Company's balance sheet, and 4) Use new capital to both enhance the brokerage business and develop new businesses.

Chairman's Letter...



To date, the Company has sold 10 of its directories for approximately \$2.2 million to Telecom *USA Publishing Co. and granted Telecom an option to purchase nine additional directories for a price to be determined at closing, which the Company estimates will be approximately \$5 million.

The Company also divested its proprietary banking software systems and client contracts to Sheshunoff Information Services Inc. for \$1.6 million. Additionally, in January 1996, RAF and the Company signed an agreement to transfer RAF's clearing operation to MultiSource Services Inc., an entity will be a subsidiary of OppenheimerFunds Inc. Upon closing of the agreement, the Company will own a 20% interest in MultiSource, pay no cash for start-up costs and receive a cash payment of \$3 million, half of which takes the form of a forgivable loan if certain financial criteria are met. Management estimates the Company will save \$100,000 per month when this transaction is completed.

On the business development side, the Company entered the telemarketing business in April 1995 when it formed Fronteer Marketing Group, which markets primarily on behalf of credit card issuers.

In January of 1996, the Company increased its ownership in Secutron - a designer, developer, installer and marketer of brokerage software systems - from 47% to 60%. By increasing ownership in Secutron, the Company also increased its ownership in Midrange, a wholly owned subsidiary of Secutron. Midrange markets computer hardware and software to manufacturers, distributors and health care providers.

Finally, in February 1996, RAF opened retail securities branches in Chicago and New Orleans and commenced a \$6.6 million private offering designed to repurchase some of the Company's outstanding common stock and retire high interest debt and preferred stock. At the close of business on March 31st, 1996, more than one-half of the private offering had been subscribed. RAF also exercised underwriter warrants in March 1996 that resulted in a gain of approximately \$500,000.

Through these and other activities, the Company is attempting to increase RAF's regulatory net capital to a level of \$6 million to \$7 million by calendar year-end, 1996.

MOVING FORWARD

Total combined revenues were \$17 million for the nine months ending September 30, 1995, with a loss of \$1.9 million. It is difficult, and in the end, futile to attempt to interpret these results on a straight comparison basis because of the merger and the Company's total restructuring. Better comparisons can be made once results from the restructured operations are available.

SECUTRON CORPORATION

Markets and develops computer hardware and software for use in the securities industry.

FRONTIER MARKETING GROUP, INC.

Contract provider of outbound telemarketing services.

CORPORATE STRUCTURE

FRONTIER DIRECTORY COMPANY, INC.

Holding company and
publisher of yellow pages.

RAF FINANCIAL CORPORATION

A full-service securities
broker dealer.

MIDRANGE SOLUTIONS CORPORATION

Markets computer
hardware and software to
manufacturers, distributors,
and healthcare providers.

FRONTIER PERSONNEL SERVICES, INC.

Contract provider of
payroll and benefits
administration for
small businesses.

We intend to rapidly implement the plan to expand the full service brokerage business in 1996 and 1997. Upon closing of the MultiSource transaction, RAF will have greater capital resources than a majority of US brokerage firms who do not clear their own securities. In addition, the Company will have an equity stake in the clearing business with an industry leader, OppenheimerFunds, Inc.

Secutron has also been developing a new software product that is designed to increase Secutron's market share. In addition, Midrange intends to grow its business as a reseller of IBM hardware and J.D. Edwards & Co. software in a central U.S. region.

With additional working capital, Fronteer Marketing Group plans to open several new telemarketing centers in North Dakota during the next two years and engage in inbound telephone servicing for its clients.

As part of the overall restructuring, the Company's name will be changed pending approval of shareholders. The Company's board of directors approved the relocation of Company headquarters from Bismark, North Dakota to Denver, Colorado. Additionally, when the Company meets the financial requirements, it intends to seek listing on a national stock exchange.

Your Company's management has not and does not intend to let the challenges in this developing environment go unmet. The executive management team has the experience and specialized knowledge necessary to implement and continue to develop the business plan towards success. We hope you are as excited as we are to build the new Company and I personally invite present and prospective shareholders to visit us in our new Denver corporate headquarters to discover for yourself what we are about.

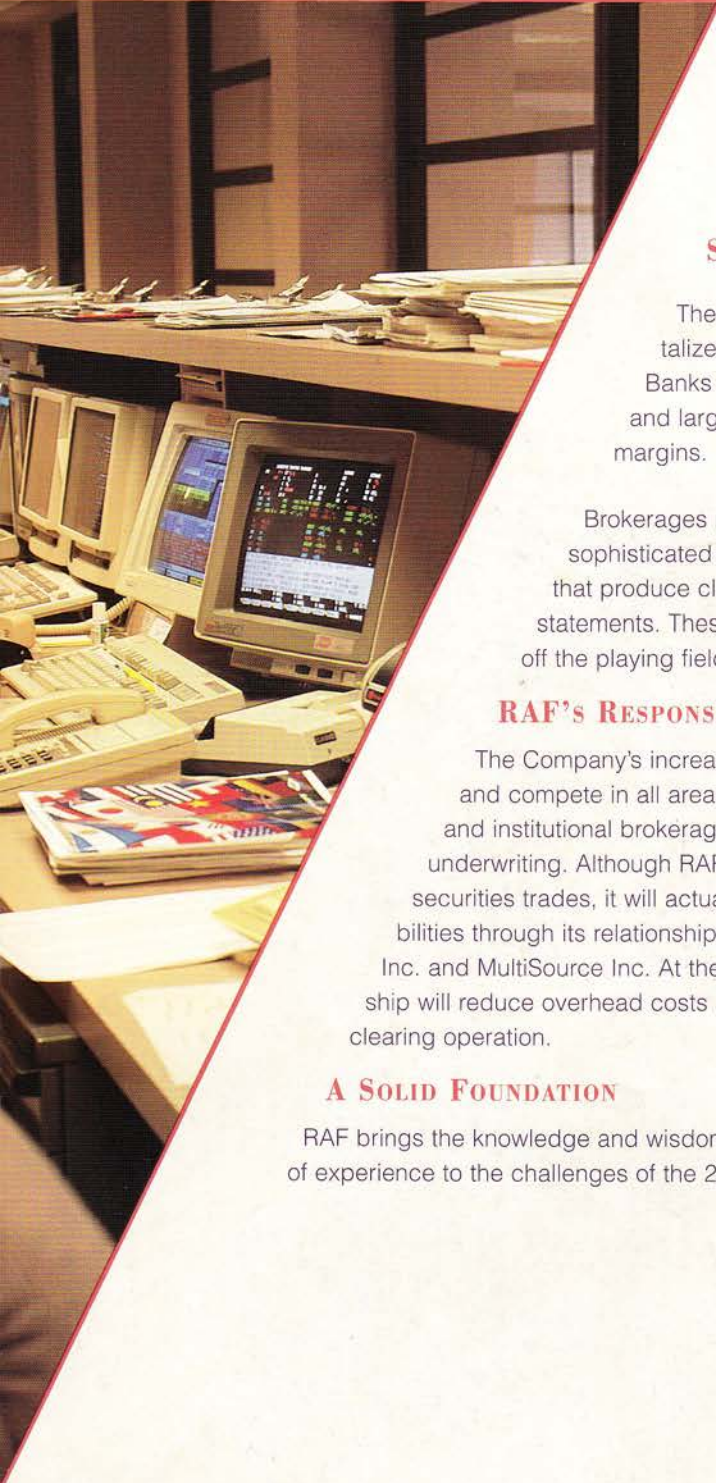
Sincerely,



R.A. Fitzner Jr.

Chairman of the Board

RAF Financial Corporation



IN BRIEF

RAF Financial is a full-service retail and institutional brokerage and underwriter based in Denver, Colorado, with satellite offices in New Orleans, Louisiana; Chicago, Illinois; Atlanta, Georgia; Reston, Virginia; Albany, New York and Fort Collins and Colorado Springs, Colorado.

SITUATION: THE SECURITIES BUSINESS

The industry is consolidating, leaving larger, better capitalized companies that provide a wide range of services. Banks and insurance companies are entering the field and large discount brokers are pressuring brokerage margins.

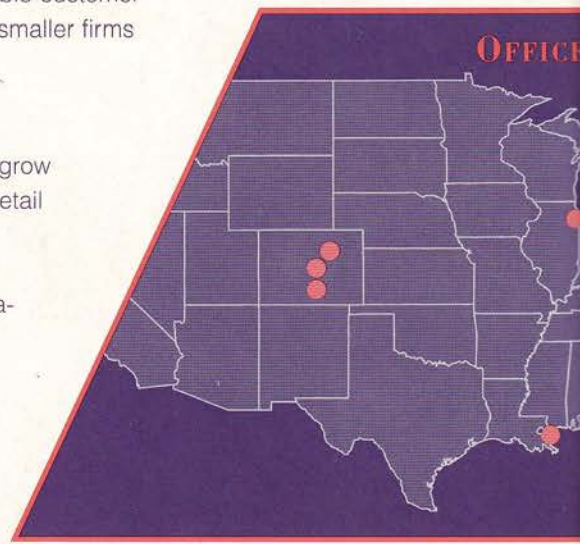
Brokerages need more capital, as well as increasingly sophisticated and costly software and computer systems that produce clear, comprehensive and flexible customer statements. These requirements are pushing smaller firms off the playing field.

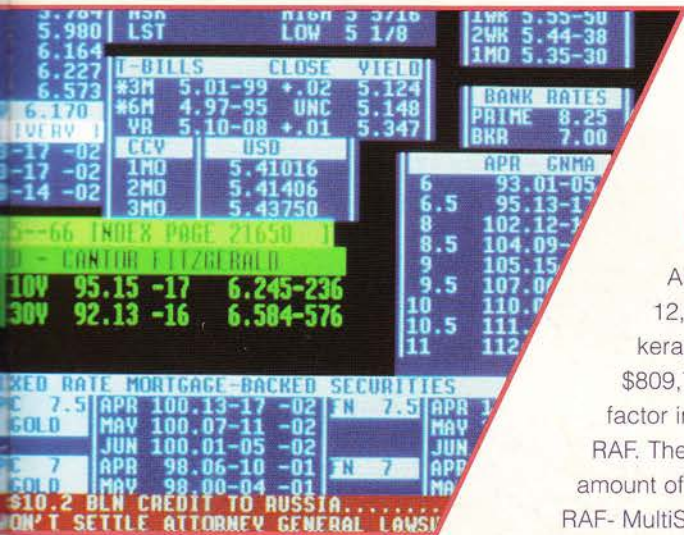
RAF'S RESPONSE

The Company's increased capital will allow RAF to grow and compete in all areas of the business, including retail and institutional brokerage, corporate and municipal underwriting. Although RAF will no longer clear its own securities trades, it will actually increase its clearing capabilities through its relationship with OppenheimerFunds Inc. and MultiSource Inc. At the same time, this relationship will reduce overhead costs associated with the clearing operation.

A SOLID FOUNDATION

RAF brings the knowledge and wisdom borne by 20 years of experience to the challenges of the 21st Century.





FINANCIAL EVENTS

As of December 31, 1995, RAF had 115 account executives and 12,000 customer accounts. Although revenues and profits in the brokerage segment were satisfactory, RAF was faced with a net loss of \$809,790 for the nine months ending September 30, 1995. The primary factor in the loss was a \$598,132 provision for unpaid debt owed to RAF. The other factor contributing to the loss was the protracted amount of time it took to proceed through the agreement stage of the RAF- MultiSource Services Inc. transaction.

RAF'S RESPONSE

During the past year, RAF opened new offices in Albany, Chicago and most recently, New Orleans. The expansion gives RAF wider exposure to national capital markets. RAF will expand the brokerage operation, which has been profitable nine of the last 10 years.

LOCATIONS



BROKERAGE REVENUES

	Nine Months Ended 9/30/95	Year Ended December 31, 1994	Year Ended December 31, 1993
Brokerage commissions	7,051,366	5,792,268	6,527,515
Investment banking fees	1,340,573	3,032,968	1,955,234
Trading profits, net	830,551	696,814	2,224,732

Corporate & Municipal Finance

IN BRIEF

In 1995, RAF underwrote equity offerings totaling \$13 million, including two private placements and two initial public offerings. RAF plans to expand its corporate underwriting efforts.

CORPORATE FINANCE ACTIVITIES

The Corporate Finance division provides investment banking expertise and services that include, but are not limited to, underwritings, financial advisory services, private placements, bridge loans and mergers and acquisitions.

In 1995, Corporate Finance was responsible for in excess of \$20 million in investment banking projects. More than \$13 million in equity was raised for investment banking clients through private placements and public offerings.

During the year, Corporate Finance dedicated most of its efforts to structuring and completing the acquisition of RAFCO, Ltd. by Fronteer Directory Company, Inc. As a result of this transaction, Corporate Finance was able to initiate and successfully supervise the completion of the RAF Financial Corporation and OppenheimerFunds Inc. transaction. This new enterprise, MultiSource Services Inc., will provide retail, corporate and institutional customers with a new dimension of the most professional services available in the clearing services arena.

MUNICIPAL FINANCE

IN BRIEF

RAF's municipal finance department is an investment banking boutique specializing in underwritings that require an added level of sophistication and experience. Last year, RAF financed seven municipal offerings totaling \$26 million.

An example of RAF's municipal financing activity is the \$4 million financing of the Bell Mountain Metropolitan District in January 1996. The project is the first developmental project since the 1980s, when Colorado suffered from an overabundance of



MultiSource Services, Inc.



defaulted municipal bonds, RAF, in showing its experience and discipline has never underwritten a defaulted municipal bond.

RAF's seven-member municipal staff also specializes in multi-family housing bonds, which fund low or middle income housing.

RAF, OPPENHEIMERFUNDS AND MULTISOURCE

IN BRIEF

In the face of increasing competition from better capitalized companies, RAF entered into a business arrangement with a major fund company to create MultiSource Services, Inc.

THE SITUATION

The former RAF clearing operation faced declines in 1995 and by all indications the intensity of the competition would increase into 1996. Larger and better financed clearing and correspondent server firms and mutual funds competed for the same customers. Price competition was primary.

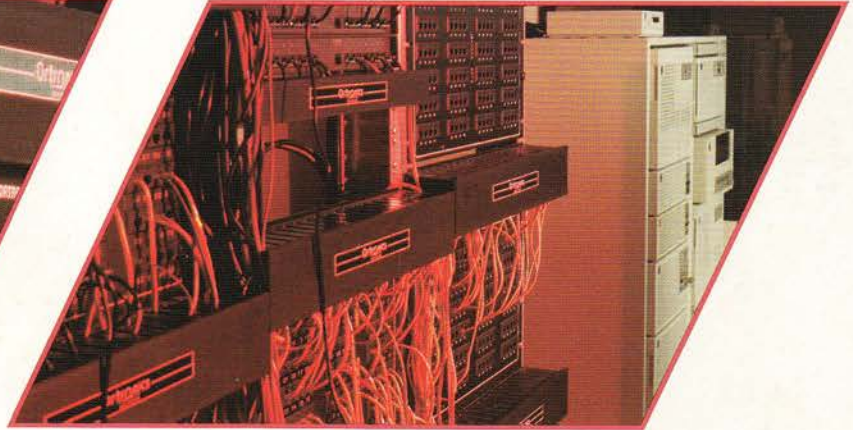
THE COMPANY'S RESPONSE

RAF determined that the best course of action would be to enter into an agreement with one of these mutual fund competitors. RAF and OppenheimerFunds Inc. agreed to create MultiSource, of which Fronteer will own 20% and OppenheimerFunds will own 80% of the new entity. OppenheimerFunds is the 15th-largest mutual fund company in the U.S., with \$50 billion under management. MultiSource is anticipated to serve the needs of both RAF and OppenheimerFunds by increasing their competitiveness and stimulating growth.

The Company believes its new strategic alliance will increase its client base and reduce costs. RAF intends upon closing the MultiSource transaction to create savings by clearing RAF trades through MultiSource and using the \$3 million in capital from the transaction to increase growth in the RAF securities business.



Secutron Corporation

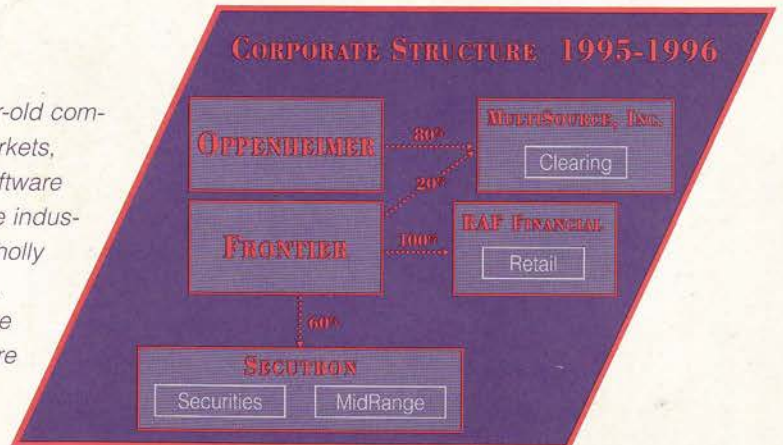


IN BRIEF

Secutron is a 17-year-old company that designs, markets, installs and supports software systems for the brokerage industry. Secutron, through its wholly owned subsidiary, Midrange, resells computer IBM hardware and J.D. Edwards & Co. software in a central U.S. region. Both businesses are experiencing rapid growth.

THE SITUATION

Secutron is dedicated to remaining a leader in automating the securities industry. Its STARS software system automates the back office, clearing, settlement, trading, financial accounting, compliance, commission accounting and management reporting. New graphical interfaces are required in today's computing environment.



SECUTRON'S RESPONSE

Secutron seeks to increase its leadership position by developing a new graphical interface generation of software for regional bond houses, investment bankers, over-the-counter trading firms, mutual fund dealers and retail broker/dealers.

Secutron will also continue to focus on its strengths, industry expertise, complete service and retaining relationships with key customers, such as Mutual Of New York mutual funds.

Future directions include providing networking services for NSCC FundServe, front office services for brokers, order routing for listed business, relational databases, platform independence and client/server capabilities.

SECUTRON'S PHILOSOPHY IS BASED ON THESE KEYS:

PEOPLE: ATTRACTING AND RETAINING KEY PERSONNEL.

TIMING: POSITIONING THE COMPANY'S PRODUCTS FOR THE RIGHT OPPORTUNITY.

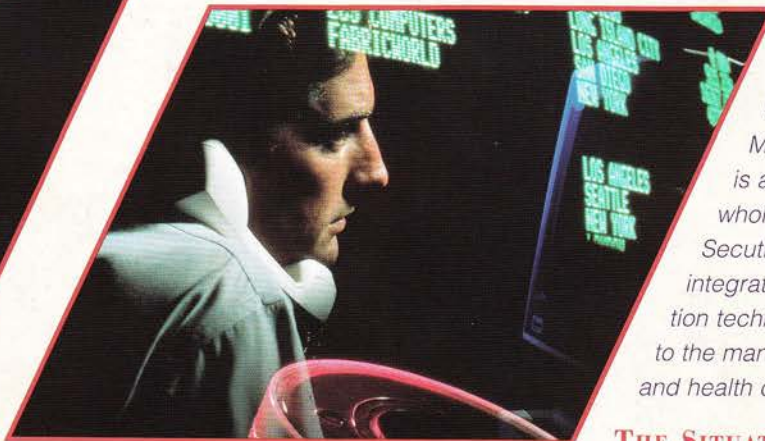
RELATIONSHIPS: NURTURING KEY RELATIONSHIPS, SUCH AS THOSE WITH IBM AND J.D.EDWARDS.

PERFORMANCE: COMING THROUGH WHEN IT COUNTS.

SECUTRON REVENUES

	Nine Months Ended 9/30/95	Year Ended December 31, 1994	Year Ended December 31, 1993
Computer hardware and software revenues	\$3,236,156	\$3,515,230	\$4,041,575

Midrange Solutions Corporation



IN BRIEF

Formed in January of 1993, Midrange Solutions Corp. (MSC) is a Colorado corporation and wholly owned subsidiary of Secutron Corp. MSC is a systems integrator and provider of information technology solutions primarily to the manufacturing, distribution and health care industries.

THE SITUATION

MSC markets a complete package of high technology products and services that include computer hardware and software, as well as technical support, consulting, programming and facilities management.

In addition to being a remarketer and sales affiliate for IBM hardware and other personal computers, MSC acts as a reseller of numerous nonproprietary software products. MSC's primary software product is Genesis, a product of Denver-based JD Edwards & Co. Genesis is a group of sophisticated financial accounting software packages that are specific to the needs of eight different industries. MSC has obtained exclusive rights to market Genesis in a seven-state region to businesses ranging in size from \$10 million to \$100 million in revenue.

Although margin pressure in the hardware industry and reseller channels is intense, MSC's focus on providing a complete solution for its customer's high technology needs allows MSC to realize higher margins than are typically obtained by a company that is simply a reseller of hardware products. It also allows MSC to meet the needs of its customers, who demand value-added services in a time of continually evolving high technology products.

MSC'S RESPONSE

In the coming fiscal year, MSC intends to commit capital resources for the continued expansion of its information technology capabilities and services. Growth plans include continued emphasis on its higher margin consulting business. Additionally, MSC plans to begin offering a new suite of Internet and Worldwide Web connectivity services providing the hardware, software and consulting services needed to assist companies in connecting their AS 400s and other platforms to the Internet.

Finally, MSC recently opened an office in Kansas City in support of its JD Edwards & Co. account. MSC anticipates growth in this office due to the continued demand for the Genesis product.

DEVELOPMENT OF NEW BUSINESS LINES FRONTEER MARKETING GROUP, INC.

IN BRIEF

Fronteer Marketing Group, Inc. (FMG) is a wholly owned subsidiary of the corporation that was formed in April of 1995. Based in North Dakota, FMG is a contract provider of outbound telemarketing services or solicitor of consumers and businesses by telephone.

THE SITUATION

FMG's primary clients are credit card issuers. This division currently has approximately 24 full-time and 6 part-time employees and markets its services nationwide through the services of a telemarketing trade association.

Several new telemarketing centers are slated for opening in communities throughout North Dakota and a new center with 24 telephone stations will open in March of 1996. FMG's goal is to have five fully operational centers in place with approximately 150 employees by the end of fiscal 1996.

Additionally, FMG plans to pursue the purchase and installation of technology that will allow it to tie together its separate telemarketing operations so that they may act as one large telemarketing operation. As this network continues to grow, FMG will have the ability to pursue and engage in inbound telemarketing services for clients.

New Business Lines

FRONTIER PERSONNEL SERVICES, INC.

IN BRIEF

Frontier Personnel Services, Inc. (FPS) was formed in October 1992 and is a wholly owned subsidiary that specializes in providing payroll and benefits administration for small businesses in and around the Bismarck, North Dakota metropolitan area.

In addition to its payroll and benefits administration business, FPS generates revenue from its 49% ownership in the Native American Document Conversion Services, L.L.C., which is a provider of document imaging and conversion services. FPS acquired its ownership position in this firm in December of 1994. FPS believes growth in 1996 will stem from primarily two areas. First, it is anticipated that growth will occur in insurance divisions due to increased commissions. Second, growth is expected in FPS's payroll services business in conjunction with the anticipated expansion of FMG, which is under contract with FPS for its payroll services.

DIRECTORY BUSINESS

The Company plans to withdraw from its directory businesses as part of the overall restructuring plan. Ten of the company's twenty directories were sold in April 1995 for approximately \$2.2 million. The Company has entered into an option agreement with Telecom *USA Publishing Co. an Iowa corporation, granting Telecom an option to buy nine of the Company's remaining directories for a price based on total cash revenue less telephone company commissions for the most recent edition of each of the nine directories published and distributed before the date of the closing of the purchase. The option may be exercised by Telecom between June 1, 1997 and June 1, 1999.

FRONTEER DIRECTORY COMPANY INC.

One Norwest Center
1700 Lincoln Street, 32nd Floor
Denver, CO 80203
(303) 860-1700

BOARD OF DIRECTORS

Robert A. Fitzner, Jr., Chairman, Fronteer Directory Company Inc. and
Director Dennis W. Olsen, President, Fronteer Directory Company Inc. and
Director Robert L. Long, Senior Vice President, RAF Financial Corp., and
Fronteer Director

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