OTS International Training Services Limited

Annual report and financial statements

for the year ended 31 December 2011

Registered Number: 02201873

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Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements for the year ended 31 December 2011

Business review and principal activities
The company's principal activity during the year was to provide oil and gas services including manpower supply, documentation, training and maintenance services During 2011 revenues declined due to a decrease in rechargeable man hours

Key Performance Indicators ("KPIs")
The directors of John Wood Group PLC ("the Group"), the ultimate parent undertaking, manage its operations on a divisional basis For this reason the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development or position of the business The development and position of the Group, which includes the company, is discussed in the Group's annual report and accounts

Results and dividends
The results for the company show a pre-tax profit of $318,000 (2010 $307,000) for the year and turnover of $626,000 (2010 $639,000) The company had cash of $35,000 at 31 December 2011 (2010 $75,000)

The profit for the financial year amounted to $308,000 (2010 $301,000) No dividend was paid during the year (2010 $nil) The profit for the financial year has been transferred to reserves

Directors
The directors who served the company during the year and up to the date of this report are listed below

J Crawford	(appointed 22 May 2012)
N Gray	(appointed 22 May 2012)
G R Levett-Prinsep	(resigned 22 May 2012)
G D Pugh	(resigned 22 May 2012)

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 company will continue in business

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities (continued)
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of information to auditors
So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware Relevant information is defined as "information needed by the company's auditors in connection with preparing their report"

Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent auditors
The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed

On behalf of the Board

Nick Gray
Director
25 September 2012

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Independent auditors' report to the members of OTS International Training Services Limited

We have audited the financial statements of OTS International Training Services Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of SD FortyFive Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Mark Higginson

Mark Higginson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen

26 September 2012

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Profit and loss account for the year ended 31 December 2011

	Note	2011	2010
		$'000	$'000
Turnover	2	**626**	639
Cost of sales		**(154)**	(161)
Gross profit		**472**	478
Administrative expenses		**(154)**	(171)
Profit on ordinary activities before taxation	3	**318**	307
Tax on profit on ordinary activities	5	**(10)**	(6)
Profit for the financial year	10	**308**	301

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the profit for the above two financial years Therefore, no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents

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Balance sheet as at 31 December 2011

	Note	2011 $'000	2010 $'000
Fixed assets			
Tangible assets	6	-	4
Current assets			
Debtors	7	**1,644**	1,129
Cash at bank		**35**	75
		1,679	1,204
Creditors: amounts falling due within one year	8	**(6,475)**	(6,312)
Net current liabilities		**(4,796)**	(5,108)
Net liabilities		**(4,796)**	(5,104)
Capital and reserves			
Called up share capital	9	**214**	214
Profit and loss account	10	**(5,010)**	(5,318)
Shareholder's funds deficit	11	**(4,796)**	(5,104)

These financial statements on pages 5 to 14 were approved by the directors and authorised for issue on 25 September 2012 and are signed on their behalf by

Nick Gray
Director

Notes to the financial statements for the year ended 31 December 2011

1 Principal accounting policies

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom A summary of the accounting policies, which have been applied consistently, is set out below

Basis of preparation

The company had net current liabilities and net liabilities at the balance sheet date of $4,796,000 (2010 $5,108,000) However, the directors have obtained confirmation that it is the intention of the ultimate parent company to ensure adequate funds are made available to the company to meet its working capital requirements and its obligations in respect of its outstanding creditors for at least the next 12 months from the date of signing of the financial statements Accordingly, these financial statements have been prepared on the going concern basis

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of services supplied Turnover from services is recognised as the services are rendered, including where they are based on contractual rates per man hour in respect of multi-year service contracts

Tangible fixed assets

Tangible fixed assets are stated at cost less aggregate depreciation Depreciation is calculated at rates estimated to write off by equal annual instalments the relevant assets over their expected useful lives as follows

Computer equipment - 5 years

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Reporting currency

The company's reporting currency is US dollars as the majority of the company's transactions are US dollar denominated The following sterling to US dollar exchange rates have been used in the preparation of these financial statements

	Average rate	Closing rate
	£1 = US$	£1 = US$
Year ended 31 December 2010	1 5459	1 5657
Year ended 31 December 2011	1 6041	1 5541

1 Principal accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Taxation

The current tax charge is based on the taxable profit for the year Taxable profits differ from the profit reported in the profit and loss account due to timing differences and other items that require adjustment as set out in legislation The company's liability for tax is calculated using rates enacted or substantively enacted at the balance sheet date

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements The deferred tax position is calculated using the rates enacted or substantially enacted at the balance sheet date

Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly The group relief amount is recorded separately within the debtors and creditors amounts in the balance sheet, as applicable, and is calculated by applying the tax rate enacted or substantially enacted at the balance sheet date to the loss amount

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement on the grounds that the company is a wholly owned subsidiary whose ultimate parent company produces a consolidated cash flow statement which includes the results of the company

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company An analysis of turnover by destination is given below

	2011	2010
	$'000	$'000
United Kingdom	**626**	639

3 Profit on ordinary activities before taxation

	2011 $'000	2010 $'000
Profit on ordinary activities before taxation is stated after charging /(crediting)		
Auditor's remuneration for audit services	6	11
Depreciation of tangible fixed assets	4	5
Operating lease costs - office rent	42	6
Foreign exchange (gain)	(2)	(11)

Operating lease costs are recharged from another Wood Group plc group company

4 Employee information and directors' emoluments

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of operations staff	1	2

The aggregate payroll costs of the above were

	2011 $'000	2010 $'000
Wages and salaries	165	172
Social security costs	21	19
Other pension costs	3	-
	189	191

The directors neither received nor waived any emoluments during 2011 and 2010 in respect of their services to the company

5 Taxation on profit on ordinary activities

	2011	2010
	$'000	$'000
Current tax charge		
UK corporation tax at 26 5% (2010 28%)	-	-
Total current tax	-	-
Deferred Taxation		
Origination and reversal of timing differences	**10**	6
Total tax charge	**10**	6

The current tax charge on profit on ordinary activities varied from the standard rate of corporation tax in the UK due to the following factors

	2011	2010
	$'000	$'000
Profit on ordinary activities before taxation	**318**	307
UK corporation tax at 26 5% (2010 28%)	**84**	86
Permanent differences	**61**	2
Effect of deferred tax	**(10)**	(6)
Movements in deferred tax not recognised	**(135)**	-
Utilised tax losses	-	(82)
Total current tax	-	-

The standard Corporation Tax rate in the UK changed from 28% to 26% with effect from 1 April 2011 Accordingly, the company's profits for 2011 are taxed at 26 5% In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement The changes propose to reduce the main rate of corporation tax rate from 26% to 24% from 1 April 2012 which is in addition to the decrease to 25% enacted in Finance Act 2011 The reduction of the main corporation tax rate to 24% was substantively enacted on 26 March 2012 The budget also proposes to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 to 22% by 1 April 2014 None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

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6 Tangible fixed assets

	Plant and Equipment $'000
Cost	
At 1 January 2011	27
Additions	-
At 31 December 2011	**27**
Accumulated Depreciation	
At 1 January 2011	23
Charge for the year	4
At 31 December 2011	**27**
Net Book Value	-
At 31 December 2011	-
At 31 December 2010	4

7 Debtors

	2011 $'000	2010 $'000
Amounts owed by group undertakings	**1,619**	1,091
Other debtors	**4**	3
Prepayments and accrued income	**8**	12
Deferred tax	**13**	23
Total Debtors	**1,644**	1,129

Amounts owed by group undertakings relate to services provided by the company No interest is payable on these balances and they are repayable on demand

7 Debtors (continued)

Deferred taxation comprises

	2011	2010
	$'000	$'000
Deferred taxation provided in the financial statements comprises		
Depreciation in excess of capital allowances	**13**	23

	2011
	$'000
The movement in deferred taxation comprises.	
At 1 January	**(23)**
Charge to profit and loss account	10
At 31 December	**(13)**

The deferred tax asset is based on a corporation tax rate of 25% (2010 27%)

The company has an unrecognised deferred tax asset as follows

	2011	2010
	$'000	$'000
Unrecognised tax losses – 25% (2010 27%)	**700**	835

In the view of the directors there is currently insufficient evidence as to future profitability to support the recognition of a deferred tax asset

8 Creditors: Amounts falling due within one year

	2011	2010
	$'000	$'000
Trade creditors	**9**	3
Amounts owed to group undertakings	**6,421**	6,265
Accruals and deferred income	**45**	44
	6,475	6,312

Amounts owed to group undertakings relate to services provided to the company No interest is payable on these balances and they are repayable on demand

9 Share capital

	2011	2010
	$'000	$'000
Authorised share capital		
250,000 (2010 250,0000) 'A' ordinary shares of £1 each	**356**	356
250,000 'B' ordinary shares of £1 each	**356**	356
Allotted, called up and fully paid	**712**	712
75,000(2010 75,000) 'A' ordinary shares of £1 each	**107**	107
75,000 (2010,75,000)'B' ordinary shares of £1 each	**107**	107
	214	214

10 Profit and loss account

	$'000
At 1 January 2011	(5,318)
Profit for the financial year	308
At 31 December 2011	**(5,010)**

11 Reconciliation of movements in shareholders' deficit

	$'000
Opening shareholders' - deficit	(5,104)
Profit for the financial year	308
Closing shareholders' funds - deficit	**(4,796)**

12 Related party transactions

The company has taken advantage of the exemption in FRS 8 (amended) 'Related Party Disclosures not to disclose any transactions with entities that are part of the group which qualify as related parties, on the grounds that it is a wholly owned subsidiary within the group, and the consolidated financial statements of John Wood Group PLC, its ultimate parent company, are publicly available

13 Ultimate parent company

OTS International Training Services Limited is a wholly owned subsidiary undertaking of SD Forty Five Limited The directors regard John Wood Group PLC, a company registered in Scotland, as the ultimate parent company and controlling party at 31 December 2011

John Wood Group PLC is the only undertaking for which consolidated financial statements, which include the financial statements of OTS International Training Services Limited, are prepared Copies of John Wood Group PLC financial statements can be obtained from The Company Secretary, John Wood House, Greenwell Road, Aberdeen AB12 3AX, Scotland