

OTS International Training Services Limited
(Registered Number: 2201873)

Directors' Report and Accounts

31 December 1999

OTS International Training Services Limited

Directors' Report

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1999.

Principal activity

The principal activity of the company continues to be the provision of educational courses, training manuals, documentation and technical assistance to the petrochemical industry.

Results

The profit after taxation for the year ended 31 December 1999 was £53,224 (year ended 31 December 1998 : £19,722), which has been transferred to reserves.

Directors and their interests

The directors who served during the year and at the date of this report are as shown below:

D S Hall
J P Prendergast
R A Rudin
D P Fusilli
J R White
C R Homan (resigned 9 March 1999)
HJ McKnight

None of the directors has a direct interest in the shares of the company. The interests of the directors in the shares of the ultimate parent, Michael Baker Corporation, were as follows:

| | As at 1 January 1999 | | | As at 31 December 1999 | | |
|-------------|----------------------|-----------------------------|------------------|------------------------|-----------------------------|------------------|
| | Common Stock | Series B Common Stock | Stock Options | Common Stock | Series B Common Stock | Stock Options |
| DP Fusilli | 12,364 | 7,914 | 54,438 | 12,787 | 9,066 | 54,438 |
| JR White | 5,965 | 1,438 | 39,093 | 7,214 | 1,893 | 39,093 |
| CR Homan | 27,989 | 20,699 | 111,962 | - | - | 77,370 |
| HJ McKnight | 2,184 | 359 | 32,592 | 2,360 | 506 | 32,592 |

Charitable and political contributions

During the year the Company did not make any political donations (1998 : £Nil). No donations were made during the year to United Kingdom charitable organisations (1998 : £Nil).

OTS International Training Services Limited

Directors' Report (Continued)

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the Annual General Meeting.

Statement of Directors' Responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit for the financial year.

The Directors consider that in preparing the financial statements on pages 4 to 10, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By Order of the Board



DS Hall
Director

First Floor
104 College Road
Harrow
Middlesex
HA1 1BQ

25 MAY

2000

Auditors' Report to the Members of OTS International Training Services Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

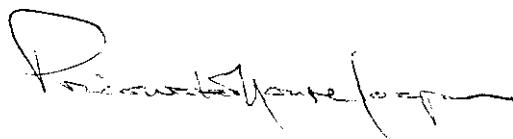
Basis of opinion

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 the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
London

25 May 2000

OTS International Training Services Limited

Profit and Loss Account for the Year Ended 31 December 1999

| | Notes | Year ended 31 December 1999 | Year ended 31 December 1998 |
|--|-------|-----------------------------------|-----------------------------------|
| Turnover | | 1,165,294 | 1,157,419 |
| Cost of sales | | (519,814) | (589,546) |
| Gross profit | | 654,480 | 567,873 |
| Distribution costs | | (6,616) | (36,712) |
| Administrative expenses | | (553,066) | (502,984) |
| Profit on ordinary activities before taxation | 2 | 85,798 | 28,177 |
| Tax on profit on ordinary activities | 4 | (32,574) | (8,455) |
| Profit on ordinary activities after taxation | | 53,224 | 19,722 |
| Retained deficit brought forward | | (12,137) | (31,859) |
| Retained deficit carried forward | | 41,087 | (12,137) |

There have been no acquisitions or discontinued operations during the year; the results shown above for this year and the prior period therefore relate to continuing operations.

The notes on pages 6 to 10 form an integral part of these accounts.

OTS International Training Services Limited

Balance Sheet as at 31 December 1999

| | Notes | 31 December 1999 £ | 31 December 1998 £ |
|---|-------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 5 | 82,304 | 103,611 |
| Current assets | | | |
| Stock - long term contract balances | | - | 21,143 |
| Debtors | 6 | 308,001 | 498,212 |
| Cash at bank and in hand | | 40,550 | - |
| | | 348,551 | 519,355 |
| Creditors: amounts falling due within one year | 7 | (205,145) | (438,283) |
| Net current assets | | 143,406 | 81,072 |
| Total assets less current liabilities | | 225,710 | 184,683 |
| Creditors: amounts falling due after one year | 7 | (34,623) | (46,820) |
| Net assets | | 191,087 | 137,863 |
| Capital and reserves: | | | |
| Called up share capital | 8 | 150,000 | 150,000 |
| Profit and loss account | | 41,087 | (12,137) |
| Shareholders' funds - all attributable to equity interests | 9 | 191,087 | 137,863 |

Signed on behalf of the Board



DS Hall
Director

25 MAY 2000

The notes on pages 6 to 10 form an integral part of these accounts.

OTS International Training Services Limited

Notes to the Accounts for the Year Ended 31 December 1999

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year to 31 December 1999 and the preceding period are:

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with the special provisions relating to small companies within Part VII of the Companies Act and with the Financial Reporting Standard for Smaller Entities.

b) Turnover

Turnover represents total amounts receivable from clients net of VAT.

c) Taxation

The taxation liabilities of certain group companies are reduced in part by the surrender of losses by fellow group companies. No compensation is paid within the group for losses surrendered.

Deferred taxation is provided to take account of timing differences between the treatment of certain items for accounting and taxation purposes, only to the extent that it is probable that a liability or asset will crystallise.

d) Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

| | |
|-----------------------|------------|
| Fixtures and fittings | 4-10 years |
|-----------------------|------------|

e) Stock

Long term contract balances are stated at the lower of cost and anticipated net realisable value.

f) Foreign currency

Assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

g) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

OTS International Training Services Limited

Notes to the Accounts for the Year Ended 31 December 1999

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|--|--|--|
| Depreciation | 32,271 | 19,794 |
| Hire of plant and machinery - under operating leases | 5,001 | 13,624 |
| Auditors' remuneration | 2,842 | 2,500 |
| Staff costs (see note 3) | 383,652 | 326,237 |

3 Staff costs

Particulars of employees (including directors) are shown below:

Employee costs during the year comprised:

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|-----------------------|--|--|
| Wages and salaries | 342,120 | 292,401 |
| Social security costs | 41,532 | 33,836 |
| | 383,652 | 326,237 |

Average number of employees during the period was 12 (1998: 12)

Directors' emoluments:

Emoluments in respect of directors of the company were as follows:

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|------------------|--|--|
| Total emoluments | 110,595 | 94,157 |

Of the amount shown above £68,399 was reimbursed by another Group Company.

OTS International Training Services Limited

Notes to the Accounts for the Year Ended 31 December 1999

4 Tax on profit on ordinary activities

Tax on ordinary activities relates to the corporation tax for the period.

No compensation is paid within the group for losses surrendered.

Timing differences for deferred tax purposes are immaterial.

5 Tangible fixed assets

| | Fixtures and fittings £ |
|------------------------|-------------------------------|
| Cost | |
| As at 1 January 1999 | 165,322 |
| Additions | 10,964 |
| <hr/> | |
| As at 31 December 1999 | 176,286 |
| Depreciation | |
| As at 1 January 1999 | 61,711 |
| Charge | 32,271 |
| <hr/> | |
| As at 31 December 1999 | 93,982 |
| Net book value | |
| As at 1 January 1999 | 103,611 |
| <hr/> | |
| As at 31 December 1999 | 82,304 |

6 Debtors

| | 31 December 1999 £ | 31 December 1998 £ |
|--|--------------------------|--------------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 171,105 | 312,655 |
| Amounts receivable from fellow subsidiary undertakings | 117,222 | 162,109 |
| Prepayments and accrued income | 5,829 | 5,957 |
| Other debtors | 12,595 | 16,191 |
| Amounts falling due after more than one year: | | |
| Amounts receivable from parent undertaking | 50 | 50 |
| Amounts receivable from fellow subsidiary undertaking | 1,200 | 1,250 |
| <hr/> | | |
| | 308,001 | 498,212 |

OTS International Training Services Limited

Notes to the Accounts for the Year Ended 31 December 1999

7 Creditors

| | 31 December 1999 | 31 December 1998 |
|--|---------------------|---------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Bank overdraft | - | 17,982 |
| Payments received on account | 16,603 | 8,690 |
| Trade creditors | 2,835 | 4,965 |
| Amounts owed to other group undertakings | 148,453 | 367,875 |
| UK corporation tax payable | 9,660 | 7,365 |
| Accruals and deferred income | 9,746 | 6,561 |
| Other creditors | 17,848 | 24,845 |
| | 205,145 | 438,283 |

| | 31 December 1999 | 31 December 1998 |
|-------------------------------------|---------------------|---------------------|
| | £ | £ |
| Amounts falling due after one year: | | |
| Other creditors | 34,623 | 46,820 |

The amounts owed to other group undertakings have no fixed repayment terms and no interest obligations.

8 Called up share capital

| | 31 December 1999 | 31 December 1998 |
|---------------------------------------|---------------------|---------------------|
| | £ | £ |
| Authorised: | | |
| 500,000 ordinary shares of £1 each | 500,000 | 500,000 |
| Allotted, called up and fully paid: | | |
| 75,000 ordinary 'A' shares of £1 each | 75,000 | 75,000 |
| 75,000 ordinary 'B' shares of £1 each | 75,000 | 75,000 |
| | 150,000 | 150,000 |

OTS International Training Services Limited

Notes to the Accounts for the Year Ended 31 December 1999

9 Reconciliation of movements in shareholders' funds

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|---|--|--|
| Profit attributable to members of the company | 53,224 | 19,722 |
| Opening shareholders' funds | 137,863 | 118,141 |
| Closing shareholders' funds | 191,087 | 137,863 |

10 Financial commitments

The minimum annual rentals under operating leases are as follows:

| | Plant and Machinery 1999 £ | 1998 £ |
|--------------------------------|----------------------------------|-----------|
| Operating leases which expire: | | |
| Within 1 year | 6,165 | 5,000 |
| Between 1-2 years | - | 6,165 |
| | 6,165 | 11,165 |

11 Ultimate parent company

The company is a wholly owned subsidiary undertaking of SD FortyFive Limited, a company incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Michael Baker Corporation, a company incorporated in the US. The consolidated accounts of this group are available to the public and may be obtained from Michael Baker Corporation, PO Box 12259, Pittsburgh, PA 15231.

The smallest group in which the results of the company are consolidated is that headed by Baker/OTS Inc., a company incorporated in the US. The consolidated accounts of this group are not available to the public.