FORM SB-2

Optional form for registration of securities to be sold to the public by small business issuers

Filing Date: **1995-07-28**
SEC Accession No. 0000898432-95-000291

(HTML Version on secdatabase.com)

FILER

INDUSTRIAL TRAINING CORP

CIK:**764867**| IRS No.: **521078263** | State of Incorp.:**MD** | Fiscal Year End: **1231**
Type: **SB-2** | Act: **33** | File No.: **033-61393** | Film No.: **95556987**
SIC: **7812** Motion picture & video tape production

Mailing Address
13515 DULLES TECHNOLOGY DRIVE
HERNDON VA 22071

Business Address
13515 DULLES TECHNOLOGY DR
HERNDON VA 22071
7037133335

As filed with the Securities and Exchange Commission on July 28, 1995
Registration No. 33-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM SB-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INDUSTRIAL TRAINING CORPORATION
(Exact name of registrant as specified in its charter)

Maryland	7812	52-1078263
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

13515 Dulles Technology Drive, Herndon, Virginia 22071 (703)713-3335
(Address, including zip code, and telephone number, including area code, of principal executive offices)

Anne J. Fletcher, Esq.
Industrial Training Corporation
13515 Dulles Technology Drive
Herndon, VA 22071
(703) 713-3335
(Name, address, zip code, telephone number, including area code, of agent for service)

Copies to:

Alan J. Berkeley, Esq.	Melissa Allison Warren, Esq.
Kirkpatrick & Lockhart LLP	Shapiro and Olander
1800 M Street, N.W.	36 Charles Street, 20th Floor
Washington, D.C. 20036	Baltimore, MD 21201-3147
Telephone (202)778-9050	Telephone (410)385-4265
Facsimile (202)778-9100	Facsimile (410)539-7611

Approximate date of commencement of proposed sale to the public: As soon as practicable following the effective date of this Registration Statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [X]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [X]

<TABLE>
<CAPTION>

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit(2)	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, $.10 par or stated value..........	1,207,500	$10.375	$12,527,812	$4,320

</TABLE>

(1) Includes 157,500 shares that may be issued to the Underwriters to

cover over-allotments, if any.
(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act of 1933, as amended, based upon the closing price of the common stock on the National Association of Securities Dealers, National Market System on July 26, 1995.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

INDUSTRIAL TRAINING CORPORATION
CROSS REFERENCE SHEET

Item Number	Designation in Form SB-2	In Prospectus
1.	Front of the Registration Statement and Outside Front Cover of Prospectus	Outside Front Cover Page
2.	Inside Front and Outside Back Cover Pages of Prospectus	Inside Front Cover and Outside Back Cover Pages; Additional Information
3.	Summary Information and Risk Factors	Prospectus Summary; Risk Factors
4.	Use of Proceeds	Risk Factors; Use of Proceeds
5.	Determination of Offering Price	Price Range of Common Stock and Dividend Policy; Underwriting
6.	Dilution	Risk Factors
7.	Selling Security Holders .	Selling Shareholders
8.	Plan of Distribution . . .	Underwriting
9.	Legal Proceedings	Business
10.	Directors, Executive Officers, Promoters and Control Persons	Management; Principal Shareholders; Selling Shareholders
11.	Security Ownership of Certain Beneficial Owners and Management	Management; Principal Shareholders; Selling Shareholders
12.	Description of Securities .	Prospectus Summary; Description of Securities
13.	Interest of Named Experts and Counsel	Legal Opinions; Experts
14.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Management
15.	Organization Within Last Five Years	Prospectus Summary; Management; Certain Relationships and Related Transactions; Principal Shareholders; Selling Shareholders

Item Number	Designation in Form SB-2	In Prospectus

16.	Description of Business . .	Prospectus Summary; Summary Consolidated Financial Data; Risk Factors; Use of Proceeds; Price Range of Common Stock and Dividend Policy; Capitalization; Selected Consolidated Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Management; Certain Relationships and Related Transactions; Principal Shareholders; Selling Shareholders; Description of Securities; Financial Statements
17.	Management's Discussion and Analysis or Plan of Operation	Management's Discussion and Analysis of Financial Condition and Results of Operations
18.	Description of Property . .	Prospectus Summary; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business
19.	Certain Relationships and Related Transactions . . .	Certain Relationships and Related Transactions
20.	Market for Common Equity and Related Stockholder Matters	Outside Front Cover Page; Price Range of Common Stock and Dividend Policy; Description of Securities
21.	Executive Compensation . .	Management
22.	Financial Statements . . .	Index to Financial Statements
23.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure .	*

* Text is omitted because response is negative or item is inapplicable.

Subject to Completion, Dated July 28, 1995

1,050,000 Shares

INDUSTRIAL TRAINING CORPORATION

Common Stock

Of the 1,050,000 shares of Common Stock offered hereby, 850,000 are being issued and sold by Industrial Training Corporation (the "Company" or "ITC") and 200,000 are being sold by the Selling Shareholders. The Company will not receive any of the proceeds from the sale of shares by the Selling Shareholders. See "Selling Shareholders." The Common Stock is traded on the NASDAQ National Market System under the Symbol "ITCC." On July 26, 1995 the closing bid and asked prices of the Company's Common Stock as reported by NASDAQ were $10 3/8 and $11 1/4, per share, respectively. See "Price Range of Common Stock and Dividend Policy."

Prospective investors should carefully consider the factors set forth on page 7 under "Risk Factors"

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

<S>	Price to Public <C>	Underwriting Discounts and Commissions (1) <C>	Proceeds to Company (2) <C>	Proceeds to Selling Shareholders <C>
Per share				
Total (3)				

</TABLE>

(1) See "Underwriting" for a description of indemnification arrangements with the several Underwriters.

(2) Before deducting expenses estimated at $________ payable by the Company. See "Underwriting."

(3) The Company and one of the Selling Shareholders have granted the Underwriters an option, exercisable within 45 days after the date of this Prospectus, to purchase up to an aggregate of 157,500 additional shares of Common Stock, solely to cover over-allotments, if any, on the same terms and conditions as the shares offered hereby. If the over-allotment option is exercised in full, such Selling Shareholder may elect to sell up to 47,932 additional shares. If the over-allotment is partially exercised, then the Company and that Selling Shareholder may participate proportionately in the over-allotment. Assuming full exercise of the over-allotment option, the total Price to Public, Underwriting Discounts and Commissions, Proceeds to Company, and Proceeds to Selling Shareholders will be $______________, $____________, $____________, and $______________, respectively. See "Underwriting."

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

The shares of Common Stock are offered by the several Underwriters subject to prior sale, withdrawal, cancellation or modification of the offer without notice, delivery to and acceptance by the Underwriters and certain other conditions. It is expected that delivery of the certificates for the shares of Common Stock will be made at the offices of Ferris, Baker Watts, Incorporated, 1720 Eye Street, N.W., Washington, D.C. on or about ________________, 1995.

FERRIS, BAKER WATTS
Incorporated

The date of this Prospectus is ___________, 1995.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SHARES OF COMMON STOCK ON THE NASDAQ NATIONAL MARKET SYSTEM OR OTHERWISE AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

ADDITIONAL INFORMATION

The Company is subject to the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). These reports, proxy statements, and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at its New York Regional Office, 7 World Trade Center, Suite 1300, New York, New York 10048 and its Chicago Regional Office, Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549 at prescribed rates.

A Registration Statement on Form SB-2 relating to the Common Stock offered hereby has been filed by the Company with the Commission. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. Statements contained in this Prospectus as to the contents of any contract or any other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. Further information with respect to the Company and the Common Stock offered hereby is included or incorporated by reference in the Registration Statement and exhibits. A copy of the Registration Statement may be inspected by anyone without charge and may be obtained at rates prescribed by the Commission at the Public Reference Section of the Commission located at 450 Fifth Street, N.W., Washington, D.C. 20549, the New York Regional Office located at 7 World Trade Center, New York, New York 10048, and the Chicago Regional Office located at 500 West Madison Street, Chicago, Illinois 60661-2511.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in this Prospectus. Each investor is encouraged to read this Prospectus in its entirety. Unless otherwise indicated, all information in this Prospectus assumes that the Underwriter's over-allotment option will not be exercised. Investors should carefully consider the information set forth under the heading "Risk Factors."

The Company

ITC develops, produces, markets and distributes interactive multimedia training solutions that improve productivity and reduce training time and costs. ITC's broad array of multimedia training "courseware" combines full-motion video, audio, animation, graphics and text into a single training presentation. By packaging its courseware together with standard multimedia personal computer systems and offering reliable customer assurance and consultative support, ITC provides its customers with a complete training solution that can command a premium price relative to other technology based training programs. While all of the Company's products are available in analog laser videodisc format, ITC recently converted and released many of its "PC Skills" and all of its "Regulatory Training" products to a digital CD-ROM format. ITC's five courseware libraries, all marketed under the Activ(REGISTERED TRADEMARK) trademark, include over 200 individual multimedia products to train users in "PC Skills," "Regulatory Training," "Technical Skills," "Instrumentation Training" and "Basic Skills." ITC's multimedia products provide an alternative to traditional stand-up training. The Company's courseware is highly interactive and is self-paced, allowing employees to adjust the rate of training to their individual needs, competency level and work schedules.

ITC offers its courseware to customers in many markets, including the industrial processing and manufacturing industries, government, educational organizations, utilities and the service sector. The acquisition of the "PC Skills" Learning Library in September of 1993 enabled the Company to expand its sales into service based industries, such as telecommunications and personnel services. The domestic market for all training and employee education in 1994 was estimated by Training Magazine to represent a $50.6 billion industry, of which approximately $7.0 billion was estimated to be off-the-shelf products and hardware. See "Risk Factors -- Developing Market, -- Dependence on Product Development."

In aggregate, ITC's Activ(REGISTERED TRADEMARK) courseware is used in over 5,000 companies, including many Fortune 1,000 companies, and other major organizations. Among the better-known purchasers of ITC Activ(REGISTERED TRADEMARK) courseware are the following companies or their affiliates: The Southern Companies, General Electric Company, NYNEX Corporation, Talent Tree Professional Services, Cargill, Ford Motor Company and Illinois Power Company.

The Company's objective is to accelerate its growth and profitability by further penetrating the market for off-the-shelf multimedia training and educational courseware. ITC's strategy for achieving this objective is to expand product platforms and development efforts; increase distribution capabilities; and pursue strategic acquisitions and marketing alliances. See "Business -- Corporate Strategy."

ITC was incorporated in 1977 under the laws of the state of Maryland. The Company's principal executive office address is 13515 Dulles Technology Drive, Herndon, Virginia 22071. ITC's telephone number is (703) 713-3335.

The Offering

Securities Offered	1,050,000 shares of Common Stock, $.10 par value.
Securities Offered by the Company	850,000 shares of Common Stock, $.10 par value
Securities Offered by Selling Shareholders . . .	200,000 shares of Common Stock, $.10 par value
Common Stock Outstanding After the Offering	3,305,624(1)
Estimated Use of Proceeds	To reduce indebtedness; to finance product expansion through internal development and acquisitions of compatible businesses, products or technologies; to increase marketing efforts; and, for working capital and general corporate purposes. See "Use of Proceeds"
NASDAQ National Market Symbol	ITCC

(1) Excluding 306,572 shares issuable upon the exercise of options and warrants.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated financial data set forth below should be read in conjunction with, and are qualified by reference to, the Consolidated Financial Statements of the Company and the Notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus.

Statement of Income Data:	Years Ended December 31,					Six Months Ended June 30, (Unaudited)	
(Amounts in thousands, except per share data)	1990	1991	1992	1993 (1)	1994	1994	1995
Net Revenues	$9,229	$11,011	$11,135	$13,812	$22,337	$9,364	$11,256
Income before provision for income taxes (1)	$853	$918	$1,114	$36	$1,965	$670	$1,231
Net income	$514	$550	$701	$21	$1,160	$402	$726
Net income per share (2)	$0.33	$0.35	$0.42	$0.01	$0.48	$0.17	$0.28
Weighted average shares outstanding (2)	1,555	1,590	1,680	1,959	2,428	2,378	2,588

(Amounts in thousands) Balance Sheet Data:	December 31, 1994	June 30, 1995 (Unaudited) Actual	As Adjusted (3)
Cash	$440	$1,179	$7,278
Working capital	$4,095	$4,620	$11,163
Total assets	$17,130	$19,085	$25,184
Long-term debt, net of current portion	$773	$1,614	$189
Total stockholders' equity	$10,054	$10,851	$18,819

(1) The decline in 1993 earnings before provision for income taxes resulted from several factors including: lower overall gross margins, increased selling, general and administrative costs as a result of increased marketing, sales, and promotional efforts, and resources dedicated toward expanding the Company through acquisition. Effective September 30, 1993, the Company acquired CI Acquisition Corporation, and its two wholly-owned subsidiaries, Comsell Training, Inc. and ComSkill Learning Centers, Inc.

(2) 1990 and 1991 adjusted to reflect 2 for 1 stock split, which occurred in January of 1992.

(3) Gives effect to the sale by the Company of 850,000 shares of Common Stock at an assumed offering price of $10 3/8 per share and after deducting estimated underwriting fees and offering expenses and the applicable filing and registration fees. See "Use of Proceeds."

RISK FACTORS

Investors should carefully consider the following risk factors, in addition to all of the other information contained in this Prospectus, including the financial statements and notes to financial statements, before purchasing the Common Stock offered hereby.

Developing Market

The market for training and employee education is characterized by a high degree of fragmentation and competition. Competitors include publishers of text and videotape training products, providers of instructor-led training, and developers and publishers of other multimedia products. Technology-based training products represent a small portion of the overall market for training. As a result, the Company's future success and realization of the Company s strategic plan will depend, in part, on the extent to which companies continue to adopt technology-based training as a fundamental part of their employee education and development programs. There can be no assurance that such adoption will continue or that the Company will significantly increase or sustain current distribution levels for its products.

Dependence on Product Development

Several of the Company's products, including the Company s "PC Skills Learning Library" and, to a lesser degree, the Company s "Regulatory Training Learning Library", are influenced by changes in the content of the subject matter. Changes in the subject matter of any of the Company's products could render such products obsolete. Therefore, the Company's future success may depend upon the Company s ability to adapt, modify and update its products, to develop and introduce, in a timely manner, new and competitive products, or to acquire new products. There can be no assurance that the Company will be successful in these endeavors.

Acquisitions

The Company's continued growth depends, in part, on its ability to successfully acquire complementary businesses or product lines. There can be no assurance that any such acquisitions will be consummated, or if consummated, that such acquisitions will be successful. The Company has no commitments, understandings or arrangements with respect to any specific transaction. See "Business -- Corporate Strategy."

Distribution

Part of the Company's strategy is to expand distribution channels for its courseware. Although the Company intends to hire additional salespersons, to add dealers, franchises, and distributors and to explore relationships with other resellers, no assurance can be given that such expanded distribution will occur, or have a positive effect on the Company's business operations.

Changing Technologies

The Company utilizes several different personal computer based hardware platforms to deliver its products. These platforms range from standard analog format, using laser videodisc, to any of the several CD-ROM-based digital platforms, such as "MPEG" (the Motion Pictures Experts Group standard), "DVI" (Digital Video Interactive) and INDEO(REGISTERED TRADEMARK). The Company also operates in an environment where networking and portability are issues faced by the Company s customers. Delivery platforms are constantly evolving as new and different technologies emerge. Changes in technologies or the means through which the Company's products are delivered could render the Company's products obsolete. There can be no assurance that the Company will be able to anticipate and respond adequately to technological changes that may affect the delivery of the Company s products or that costs to develop such responses will not adversely affect the financial condition of the Company.

Intellectual Property

The Company considers all of its products to be proprietary and relies primarily on a combination of statutory and common law copyright, trademark and trade secret laws, customer licensing agreements, employee and third-party nondisclosure agreements and other methods to protect its proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's courseware or technology without authorization, or to develop similar courseware or technology independently. The Company includes in its courseware packaging an end-user agreement that restricts unauthorized use. If unauthorized copying or misuse of the Company's products were to occur to any substantial degree, the Company's business and results of operations could be materially adversely affected. There can be no assurance that the Company's means of protecting its proprietary rights will be adequate or that the Company's competitors will not independently develop similar

technology. There can likewise be no assurance that third parties will not claim the Company's current or future products infringe the proprietary rights of others. Any such claim, with or without merit, could result in costly litigation or might require the Company to enter into royalty or licensing agreements. Such royalty or license agreements, if required, may not be available on terms acceptable to the Company or at all. See "Business -- Intellectual Property."

Dependence On and Need for Key Personnel

At the present time, the Company depends to a great extent upon the efforts of each of its executive officers to administer the Company's business. In addition, the Company's ability to accelerate growth and profitability will depend, in part, on its ability to attract and retain additional qualified personnel. There is significant competition for qualified personnel, and there can be no assurance that the Company will be successful in recruiting or training a sufficient number of employees of the requisite caliber to enable the Company to operate its business and implement its strategy as planned. See "Management."

Competition

The training and employee education industry is highly competitive, and competition is increasing among providers of technology-based training. Competitors include providers of traditional instructor-led training, multimedia developers and sellers, textbook publishers and manufacturers and producers of videotape training materials, and other products. These competitors range from small to large firms, some of which have substantially greater financial, personnel, and marketing resources than the Company. No assurance can be given that the Company will be able to effectively compete with existing or future competitors in the training industry. The inability to remain competitive could result in a reduction of the Company's revenue and could have a material adverse effect on the Company's overall financial condition. See "Business -- Competition."

Dilution

Purchasers of the shares of Common Stock offered hereby will suffer immediate and substantial dilution (i.e., the difference between the offering price of a share of Common Stock and the net tangible book value thereof after giving effect to this Offering) of $5.32 per share in the net tangible book value of their shares of Common Stock, assuming that all the shares offered by the Company are sold. At June 30, 1995, the net tangible book value of the Company was approximately $8,748,084, or $3.56 per share based on 2,455,624 shares of Common Stock outstanding. Net tangible book value per share of Common Stock represents the amount of the Company's total assets less the amount of its intangible assets (goodwill) and liabilities, divided by the number of shares of Common Stock outstanding. After giving effect to the sale by the Company of 850,000 shares (at an assumed offering price of $10 3/8 per share) offered hereby

and the application of the estimated net proceeds therefrom, the pro forma net tangible book value at June 30, 1995, would have been approximately $16,716,000 or $5.06 per share of Common Stock. In the event that the Underwriters exercise the over-allotment option in full, the pro forma net tangible book value after this Offering (after deducting underwriting discounts and estimated offering expenses to be paid by the Company) would be $5.20 per share, and the public investors would experience dilution of $5.18 per share.

Use of Proceeds

The net proceeds of this Offering are subject to reallocation by the Company. See "Use of Proceeds".

USE OF PROCEEDS

The net proceeds from the sale by the Company of 850,000 shares of Common Stock in this Offering will be approximately $8 million ($9 million if the Underwriters' over-allotment option is exercised in full) based upon an assumed offering price per share of $10 3/8 (the Closing price on July 26, 1995). The Company will not receive any of the proceeds from the sale of Common Stock by the Selling Shareholders. The Company anticipates that the net proceeds will be used over the next twelve to eighteen months for the purposes described below.

The Company expects to use approximately $1.9 million of the net proceeds received by the Company to reduce the long-term borrowings of the Company. The long-term debt consists of two term loans. The first term loan, the balance of which was $615,000 as of June 30, 1995, was incurred for the Company's acquisition of CI Acquisition Corp. ("CI") and its related subsidiaries in September, 1993. This loan bears interest at a rate of prime plus 1% (10% as of June 30, 1995) and matures in November, 1998. The second term loan, the balance of which was $1,254,000 at June 30, 1995, was incurred in connection with the February 17, 1995 acquisition of the "INVOLVE(REGISTERED TRADEMARK) Instrumentation Learning Library" from the Instrument Society of America ("ISA"). The second loan bears interest at a rate of prime plus 1/2% (9.5% as of June 30, 1995) and matures in March, 2000.

The Company intends to use up to $3 million of the net proceeds to fund development of additional courseware products and to convert the Company's existing analog courseware libraries of "Technical Skills" and "Instrumentation Training" to a digital-based CD-ROM format.

The $3.1 million balance of net proceeds and any net proceeds realized by ITC if the Underwriters exercise the over-allotment option (up to $4.1 million if the option is exercised in full), will be used primarily for future acquisitions, working capital and other general corporate purposes. With respect to future acquisitions, the Company is regularly reviewing potential acquisitions although it has no current agreements,

understandings or commitments with respect to any material transactions. Amounts allocated to working capital may be used, in part, to finance expanded distribution efforts.

The foregoing represents the Company's estimate of the allocation of the net proceeds of this Offering based upon the current status of its business operations, its current plans and current economic conditions. Future events as well as changes in competitive conditions affecting the Company's business, and the success or lack thereof of the Company's marketing efforts, may make shifts in the allocation of funds necessary or desirable. A change in the use of proceeds or timing of such use will be at the Company's discretion. Pending application of the net proceeds from this Offering, the net proceeds will be invested in short-term, investment-grade, interest bearing securities. See "Risk Factors -- Use of Proceeds."

The Company may incur additional borrowings in the next twelve to eighteen months to support its development plans and to effect acquisitions.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

The Company's Common Stock is traded on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), National Market System under the symbol ITCC. The following table states the high and low closing sale prices by quarter for the Company's Common Stock based on actual trading, as reported by NASDAQ.

1993	High	Low
1st Quarter	7 1/4	6 1/4
2nd Quarter	7 7/8	6 3/8
3rd Quarter	7 1/2	5 1/4
4th Quarter	6	4 3/4
1994		
1st Quarter	5 1/4	4
2nd Quarter	4 1/2	3 5/8
3rd Quarter	8 1/2	3 5/8
4th Quarter	8 1/2	7 1/4
1995		
1st Quarter	10 1/2	6 1/4
2nd Quarter	10 1/2	8
3rd Quarter (through July 26, 1995)	11	10

The last reported sales price on the NASDAQ National Market System on July 26, 1995 was $10 3/8.

As of June 30, 1995, there were 2,455,624 shares of the Company's Common Stock outstanding, held by 1,037 holders of record.

Shareholders of the Company's Common Stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available. No cash dividends have been declared since 1984. Future cash dividends, if any, will be determined by the Company's Board of Directors, and will be based upon the Company's earnings, capital requirements, financial condition, and other factors deemed relevant by the Board of Directors.

The transfer agent and registrar for ITC's Common Stock is American Securities Transfer, 938 Quail Street, Suite 101, Lakewood, Colorado 80215.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1995, and as adjusted, to reflect the sale of 850,000 shares of Common Stock offered by the Company hereby at an assumed public offering price of $10 3/8 per share and the application of estimated net proceeds therefrom. See "Use of Proceeds." This table should be read in conjunction with the detailed information included in the Consolidated Financial Statements and the Notes thereto contained elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	As of June 30, 1995	
	Actual	As Adjusted
<S>	<C>	<C>
Current portion of long-term debt	$ 580,726	$ 136,726
Long-term debt, net of current portion	1,614,198	189,198
Stockholders' equity:		
Common stock, $.10 par value, 4,000,000 shares authorized; 2,455,624 shares outstanding; 3,305,624 shares outstanding, as adjusted 1/	245,562	330,562
Additional paid-in capital	5,654,864	13,537,932
Note receivable from ESOP	(304,177)	(304,177)
Retained earnings	5,254,461	5,254,461
Total stockholders' equity	10,850,710	18,818,778

Total capitalization	$13,045,634	$19,144,702

</TABLE>

1/ The number of shares of the Company's Common Stock outstanding, the value of Common Stock and the value of Additional Paid-in Capital have been reduced by 17,704 shares, $1,771 and $59,538, respectively, to reflect treasury stock that the Company repurchased prior to June 30, 1995.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data for, and as of the end of, each of the years in the five year period ended December 31, 1994 are derived from the audited consolidated financial statements of the Company. The following selected interim consolidated data for, and as of the end of, the six month periods ended June 30, 1994 and 1995 have been derived from unaudited financial statements of the Company, which, in the opinion of management, have been prepared on the same basis as the audited Consolidated Financial Statements included herein, and reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of such data. The results of the interim periods are not indicative of the results of a full year. The selected consolidated financial data set forth below should be read in conjunction with, and are qualified by reference to, the Consolidated Financial Statements of the Company and the Notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus.

<TABLE>
<CAPTION>

(Amounts in thousands, except per share data)

	Years Ended December 31,					Six Months Ended June 30,	
Statement of Income Data:	1990	1991	1992	1993	1994	1994	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$9,229	$11,011	$11,135	$13,812	$22,337	$ 9,364	$11,256

Cost of sales	5,007	6,024	5,681	8,215	13,629	5,585	6,453
Gross margin	4,222	4,987	5,454	5,597	8,708	3,779	4,803
Selling, general & administrative	3,157	3,914	4,327	5,554	6,693	3,091	3,596
Equity in earnings of affiliates	--	--	(135)	(124)	(136)	(70)	(78)
Income before interest and provision for income taxes (1)	1,066	1,074	1,262	167	2,151	758	1,285
Interest expense, net	213	156	148	131	186	88	54
Income before provision for income taxes	853	918	1,114	36	1,965	670	1,231
Income tax expense	339	368	413	15	805	268	505
Net income	$ 514	$ 550	$ 701	$ 21	$ 1,160	$ 402	$ 726
Net income per share (2)	$0.33	$ 0.35	$ 0.42	$ 0.01	$ 0.48	$ 0.17	$ 0.28
Weighted average shares outstanding (2)	1,555	1,590	1,680	1,959	2,428	2,378	2,588

</TABLE>

<TABLE>
<CAPTION>

Balance Sheet Data:	Years Ended December 31, 1990	1991	1992	1993	1994	June 30, 1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Cash	$ 144	$ 114	$ 168	$ 126	$ 440	$ 1,179
Working capital	2,118	1,686	2,643	2,139	4,095	4,620
Total assets	6,840	7,656	8,358	14,642	17,130	19,085
Long-term debt, net of current portion	1,043	1,328	963	1,101	773	1,614
Total stockholders' equity	3,795	3,715	5,001	8,418	10,054	10,851

</TABLE>

(1) The decline in 1993 earnings before provision for income taxes resulted from several factors including: lower overall gross margins, increased selling, general and administrative costs as a result of increased marketing, sales, and promotional efforts, and resources dedicated toward expanding the Company through acquisition. Effective September 30, 1993, the Company acquired CI Acquisition Corporation, and its two wholly-owned subsidiaries, Comsell Training, Inc. and ComSkill Learning Centers, Inc.

(2) 1990 and 1991 adjusted to reflect 2 for 1 stock split, which occurred in January of 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Since ITC was formed in 1977, the focus of the Company's business has evolved from linear-based videotape training products to interactive multimedia programs, delivered in analog laserdisc and digital CD-ROM platforms. Until 1993, the Company derived the majority of its revenues from the distribution and sale of its "Technical Skills Learning Library" and "Basic Skills Learning Library" to companies in the industrial processing and manufacturing markets.

With the development of its "Regulatory Training Learning Library" and the addition of the "PC Skills Learning Library" with the acquisition of CI and its subsidiaries, Comsell Training, Inc. ("Comsell") and ComSkill Learning Centers, Inc. ("ComSkill"), in September 1993, the Company was able to enter new markets and increase revenues significantly. In February 1995, the Company acquired the "INVOLVE(REGISTERED TRADEMARK) Instrumentation Learning Library", which it had developed for ISA. As a result of this acquisition, the Company is no longer required to pay royalties upon the sale of INVOLVE products. For additional information regarding the CI acquisition and purchase of the INVOLVE programs, see Notes 2 and 13, respectively, to the Company's Consolidated Financial Statements included herein.

<TABLE>
<CAPTION>

Percentage of Revenues

	Years Ended December 31,		Six Months Ended June 30,	
	1993	1994	1994	1995

<S>	<C>	<C>	<C>	<C>
Revenues	100.0%	100.0%	100.0%	100.0%
Cost of sales	59.5	61.0	59.6	57.3
Gross margin	40.5	39.0	40.4	42.7
Selling, general & administrative	40.2	30.0	33.0	31.9
Equity in earnings of affiliates	(0.9)	(0.6)	(0.7)	(0.6)
Income before interest and provision for income taxes	1.2	9.6	8.1	11.4
Interest expense, net	0.9	0.8	0.9	0.4
Income before provision for income taxes	0.3	8.8	7.2	11.0
Income tax expense	0.1	3.6	2.9	4.5
Net Income	0.2%	5.2%	4.3%	6.5%

</TABLE>

Results of Operations

Six Months Ended June 30, 1995 Compared with Six Months Ended June 30, 1994

Total revenues for the six months ended June 30, 1995 were $11,256,000, compared to $9,364,000 for the comparable six months of 1994, an increase of approximately 20%. The strong growth in revenues for the six months ended June 30, 1995 is due primarily to expansion of distribution channels and product development efforts during 1994, which resulted in a record performance for the Company's core multimedia training products.

Total revenues for the six months ended June 30, 1995 were positively impacted by the increase in sales of multimedia hardware systems. Hardware revenues for the six months ended June 30, 1995 aggregated $2,400,000 which represents a $710,000 or 42% increase relative to 1994. While hardware sales do not add significantly to the Company's earnings, Management believes that increased hardware sales are an important factor in developing the demand for the Company's off-the-shelf courseware.

Franchise related revenues (fees and royalties) achieved for the six months ended June 30, 1995 amounted to $304,000. This compares to $55,000 achieved during the first six months of 1994; a $249,000 or 453% increase. The Company has sold two franchise territories in 1995, with 17 territories sold to date.

Sales of the Company's linear products (primarily videotape and text-based products), marketed under the label USA Training, amounted to $461,000 for the six months ended June 30, 1995. This represents a decrease of $155,000 or 25% for the comparable period in 1994. The decline in sales of these products is consistent with industry trends. Due to the relative size of ITC's linear products division in comparison to ITC, this decline is not considered significant.

Cost of sales represented 57.3% and 59.6% of total revenues for the six months ended June 30, 1995 and June 30, 1994, respectively. The relative decrease in cost of sales on a comparative basis is attributable to an increase in the sale of higher margin Company-owned courseware.

Selling, general and administrative expenses aggregated $3,596,000 for the six months ended June 30, 1995. This compares to $3,091,000 for the same period in 1994. The increase of $505,000, is due primarily to additional operational, sales and marketing costs. The amount of selling, general and administrative expenses as a percentage of sales has decreased slightly, from 33% to 32% for the six months ended June 30, 1995 relative to the same period in 1994.

For the six months ended June 30, 1995, income before provision for income taxes totaled $1,231,000, as compared to $670,000 for 1994, an increase over the prior year of $561,000 or 84%. The significant improvement in income before provision for income taxes over 1994, was a result of several factors, including the Company's improved revenue performance, the reduction in royalty expense due to the Company's purchase of the INVOLVE(REGISTERED TRADEMARK) products in February 1995, and the Company's ability to control costs.

Net income for the six months ended June 30, 1995 aggregated $726,000 or 28 cents per share as compared to $402,000 or 17 cents during the first six months of 1994. The substantial increase in net income during 1995 was a result of the same factors that contributed to the increases in income before provision for income taxes.

As a result of the Company's available tax loss carryforwards (as described in Note 9 to the Consolidated Financial Statements included elsewhere herein), the Company had, historically, paid a minimal amount of income taxes. However, as a result of the Company's increasing level of profitability, combined with the restrictions on the utilization of the net operating losses acquired with CI, the Company began to pay a larger amount of income taxes beginning in the second quarter of 1995. These increased levels of tax payments are expected to continue, provided the Company continues to improve its level of profitability.

Fiscal Year 1994 Compared to Fiscal Year 1993

Total revenues for 1994 were $22,337,000, representing a 62% increase over the prior year's revenue of $13,812,000. The Company continued to be positively impacted by the September 30,1993 acquisition of CI, and its subsidiaries, Comsell and ComSkill, and the related PC Skills Learning Library. Revenues for 1994 included a full year of CI's results of operations while 1993 consolidated results of operations included only three months of CI's revenues and expenses. The dramatic improvement in

revenues also resulted from increases in demand for nearly all of the Company's products and services. Sales of the Company's off-the-shelf multimedia products, hardware systems, linear training products and ComSkill franchises all increased substantially, while the only area that experienced a decline was the Company's custom services business.

Revenues from off-the-shelf courseware increased 84% to $15,597,000 in 1994, as compared to revenues of $8,473,000, during 1993. Several factors that contributed to the increase include additional resources and channels being focused on sales and distribution of off-the-shelf courseware, an aggressive product development schedule that resulted in the release of 32 new courses in 1994 and a product marketing strategy that positioned all of the Company's four "Learning Libraries" as a single product family. The Company anticipates that revenues will continue to grow due to the Company's broadened product lines, additional sales and distribution channels, and continued investments in new products and technologies.

During 1994, sales of hardware systems aggregated $4,353,000, representing a 103% increase from the revenue level achieved in 1993 of $2,149,000. Similar to 1993, in 1994 increases in hardware sales resulted from competitive pricing strategies and the increase in off-the-shelf courseware sales.

Revenues from custom courseware and consulting services amounted to $2,387,000 in 1994, a decrease of $802,000 or 25% over the corresponding period in 1993. The decline in custom and consulting revenues was the result of the Company's decision to de-emphasize the custom business as an independent endeavor, while focusing only on those custom opportunities that satisfy the needs of the Company's existing customer base.

Cost of sales represented 61% and 59% of total revenues for the years ended 1994 and 1993, respectively. The relative increase in cost of sales on a comparative basis is attributable to several factors including: the significant increase in hardware sales that bears extremely low margins and an increase in sales of third party and partnership courseware that bears much lower margins than sales of company owned courseware. However, for the most part, these increases in cost of sales have been offset by increases in sales of company owned courseware and franchise fees. Sales from products owned solely by the Company accounted for 72% and 36% of total multimedia courseware sales in 1994 and 1993, respectively.

Selling, general and administrative expenses totalled $6,693,000 in 1994, an increase of $1,139,000 or 21% over the corresponding period of 1993. The overall increase in selling, general and administrative expenses was due primarily to the acquisition of CI and expanded operational support for ComSkill. The Company realized substantial savings relative to the independent operations of ITC and CI, as indicated by the decline in selling, general and administrative expenses as a percent of revenue from 40% in 1993 to 30% in 1994.

Earnings before income taxes aggregated $1,965,000 in 1994. This represents an increase of $1,929,000 over the corresponding result of $36,000 achieved for fiscal 1993. The dramatic increase in earnings before taxes in 1994 has resulted from several factors including: substantial savings in general and administrative expenses as a result of combining the overhead structures of ITC and CI, substantial increases in sales of off-the-shelf courseware, and sales of new ComSkill franchises.

Net income for 1994 was $1,160,000 compared to $21,000 in 1993, an increase of $1,139,000. The significant increase in net income for 1994 resulted from the same factors that affected the increase in income before income taxes.

Due to the Company's available net operating loss carryforwards, the Company paid minimal taxes during 1994 and 1993. As of December 31, 1994, the Company had available $1,500,000 of net operating loss carryforwards of which $1,400,000 is restricted in use to approximately $245,000 per year, as such net operating loss carryforwards were acquired from Comsell.

Quarterly Results

The following table sets forth certain quarterly financial information. This information is derived from unaudited consolidated financial statements which include, in the opinion of Management, all normal and recurring adjustments which the Company considers necessary for a fair treatment of the results for such periods. The operating results for any quarter are not necessarily indicative of results for any future periods.

<TABLE>
<CAPTION>

	Net Revenue	Gross Margin	Net Income (Loss)	Net Income (Loss) Per Share
(Amounts in thousands, except per share data)				
1993 Quarters				

<S>	<C>	<C>	<C>	<C>
First	$ 2,734	$ 1,226	$ 45	$ .03
Second	2,498	1,145	(32)	(.02)
Third	3,335	1,211	21	.01
Fourth	5,245	2,015	(13)	(.01)
Total	$ 13,812	$ 5,597	$ 21	$ .01
1994 Quarters				
First	$ 4,168	$ 1,759	$ 111	$ .05
Second	5,266	2,090	290	.12
Third	5,497	2,009	262	.11

Fourth	7,406	2,850	497	.20
Total	$ 22,337	$ 8,708	$ 1,160	$ .48
1995 Quarters				
First	$ 4,970	$ 2,177	$ 265	$ .10
Second	6,286	2,626	461	.18
Total	$ 11,256	$ 4,803	$ 726	$ .28

</TABLE>

The Company's net revenues have steadily increased on a comparable quarter basis with the fourth quarter of each year being the Company's strongest. Management believes that the fourth quarter will continue to be the Company's strongest because many of the Company's customers expend a disproportionate share of their annual training budgets during the last quarter of the calendar year, thus having a corresponding impact on the Company's fourth quarter operating performance. Additionally, gross margin and net earnings on a quarterly basis are affected by the relative sales mix between courseware and hardware related products.

Liquidity and Capital Resources

Net working capital at June 30, 1995 was $4,620,000 as compared with $4,095,000 at December 31, 1994. The increase of $525,000 or 13% was due to the strong results of operations of the Company during the first six months of 1995, as described above.

In addition, the Company experienced an increase in cash provided from operations in the first six months of 1995. Operations generated approximately $2,171,000 of cash compared with $1,375,000 for the six month periods ended June 30, 1995 and 1994, respectively. The positive cash flow was used primarily as follows: $2,154,000 used to fund the Company's product development efforts, $361,000 for certain capital expenditures, $212,000 for principal payments on the Company's long-term debt, and $80,000 for repayment of the Company's revolving line of credit. Additionally, in February 1995, the Company borrowed $1,320,000 of long term debt in order to finance the acquisition of the INVOLVE(REGISTERED TRADEMARK) products as described below.

The Company's borrowings against its revolving credit line decreased from $80,000 at December 31, 1994 to zero at June 30, 1995. Subsequent to June 30, 1995, the Company negotiated an increase in the amount available pursuant to its line of credit from $2,000,000 to $2,500,000. Any borrowings under this line of credit will bear interest at prime plus one-half percent.

Accounts receivable at June 30, 1995 aggregated $7,258,000 due primarily to two factors: the strong revenue performance in the second quarter of 1995 and a $1,713,000 sale to a customer at the end of the second quarter. Although the entire order was shipped and billed prior to June 30, 1995, due to the terms of the contract, only $578,000 was recognized as revenue in the second quarter of 1995.

On February 17, 1995, ITC purchased all rights, title and all other ownership interests in the 51 lessons in the INVOLVE(REGISTERED TRADEMARK) Series (INVOLVE(REGISTERED TRADEMARK)). These products, which were developed for the Instrument Society of America (ISA) by ITC, had previously been sold by the Company under an exclusive third party sales and marketing agreement. The aggregate purchase price for this transaction was approximately $1,590,000. The price included the forgiveness of a receivable from ISA of approximately $90,000, and purchase of approximately $180,000 of INVOLVE(REGISTERED TRADEMARK) inventory. The purchase was financed by the Company borrowing $1,000,000 under its available line of credit and paying $500,000 in cash. Subsequently, the Company paid down the line of credit borrowings with the proceeds from a 5-year term loan in the original amount of $1,320,000.

During 1993, and in order to effectuate the acquisition of CI and its subsidiaries, Comsell and ComSkill, the Company exchanged 620,000 shares of its common stock for all of the issued and outstanding equity of CI and its affiliates. Additionally, the Company borrowed $971,000 from a bank ($900,000 of which was in the form of a then new five-year term loan) in order to refinance an obligation of CI.

BUSINESS

History

The Company was founded in 1977 to provide videotape-based technical skills training primarily for the industrial processing and manufacturing marketplace. During the 1980's, the Company converted its training programs from linear-based videotape to interactive multimedia laser videodisc in order to utilize emerging computer technologies and to enhance the effectiveness and quality of its training products. In addition to technological enhancements, the Company focused on developing new training courseware and expanding its customer base. In 1985, the Company merged with the International Institute of Applied Technology, a publicly held hardware systems integrator, and began trading on the NASDAQ under the symbol ITCC.

In September 1993, ITC acquired Comsell and ComSkill, the operating subsidiaries of CI. The acquisition of CI brought to ITC an additional product line (the "PC Skills Learning Library") and additional distribution channels including dealers, distributors and the ComSkill franchise network opportunity. In February 1995, the Company purchased INVOLVE(REGISTERED TRADEMARK), an instrumentation learning library, from ISA. This courseware was originally developed by the Company for ISA. Management believes that these acquisitions, in addition to the internal development of the "Technical Skills," "Basic Skills," and "Regulatory Training" learning libraries, and further expansion of the "PC Skills

Learning Library," have strategically positioned the Company to meet the evolving and diverse training needs of its customers.

Corporate Strategy

The Company's objective is to accelerate its growth and profitability by further penetrating the market for interactive, off-the-shelf multimedia training and educational courseware. ITC's strategy for achieving this objective is to:

- Expand product platforms and development efforts;
- Increase distribution capabilities; and
- Pursue strategic acquisitions and marketing alliances.

Expand Product Platforms and Development Efforts. The Company must adapt its products to changing multimedia delivery platforms. The Company currently delivers its "PC Skills" and "Regulatory Training" products in both analog and digital formats, while the "Basic Skills," "Technical Skills," and "Instrumentation Training" programs are offered only in analog laser disc format. Recently, the Company accelerated its conversion efforts for release of these products in a digital format, because the Company regards digital delivery, including the use of CD-ROM, as the future of the industry, although laser videodisc remains today's standard of performance and reliability.

As the market for interactive multimedia training expands, customers can be expected to analyze and demand more performance features and benefits such as portability and networking. In addition to improving ITC's current product features (such as customization capabilities, administration and record keeping), ITC anticipates investing in and developing new elements of multimedia that further increase performance. See "Risk Factors -- Changing Technologies, -- Dependence on Product Development, -- Intellectual Property.

Increase Distribution Capabilities. The Company seeks to expand its United States and international distribution channels, including direct sales, dealers, distributors and franchises. Management anticipates hiring additional persons to support the Company's direct sales efforts and to continue to expand reseller channels. This effort is intended to result in a more focused approach to the customer.

As the market for technology-based training continues to develop, ITC intends to increase its efforts to distinguish itself and its products from competitive products and services. As a result, the Company intends to hire additional marketing specialists to further develop the Company's corporate, library, and product marketing strategies in support of the Company's sales and distribution efforts. See "Risk Factors -- Developing Market -- Distribution."

Pursue Strategic Acquisitions and Marketing Alliances. The Company intends to broaden and expand its range of training products by acquiring

companies or products and, potentially, entering into marketing alliances with developers of compatible products. The acquisitions of CI and of the "INVOLVE(REGISTERED TRADEMARK) Instrumentation Learning Library" reflect the Company's commitment to this strategy. The Company intends to use a portion of the net proceeds realized from the Offering to fund the Company's acquisition strategy. There can be no assurance that the Company will locate suitable acquisition candidates or consummate acquisitions on terms favorable to the Company. See "Risk Factors -- Acquisitions"

In certain product areas, such as "PC Skills," the Company intends to enter into development and marketing alliances with key software applications developers to assist in the production of ITC training programs. The Company believes that these alliances might provide a number of competitive advantages, including access to partners' product development plans, source material and distribution channels. To date, the Company has not entered into any marketing alliances with key software applications developers or resellers. There can be no assurance that the Company will enter into marketing alliances with any software applications developers.

Industry Overview

The proliferation of personal computers throughout organizations and the increasing multimedia capabilities of computers are two factors driving the demand for interactive training and educational courseware. According to Training Magazine the domestic market for off-the-shelf and custom training products, outside services and hardware increased from $6.2 billion in 1991 to $7.0 billion in 1994. Training Magazine also estimates that the total domestic market for corporate training (including training staff salaries and expenditures for seminars) has increased from $43.2 billion in 1991 to $50.6 billion in 1994. Training Magazine reports that 46% of companies utilized computer based training in 1994.

Management believes that the demand for its products and services is being driven by (i) an increasingly competitive environment in which businesses seek to improve efficiency and productivity through a more skilled workforce; (ii) corporate downsizing, resulting in increased training requirements for employees who perform multiple job tasks; (iii) the significant increase in the use of computers throughout all levels of organizations, increasing the number of employees who need training; and (iv) the continuous introduction and evolution of computer technologies, contributing to the need for continuing education and training. Moreover, International Data Corporation ("IDC") has concluded that technology-based applications are an extremely effective method of communicating instructional information to learners. Studies by IDC indicate that not only is the time required for instruction measurably reduced by using interactive technologies in a training environment, but comprehension and retention rates are improved appreciably as well.

The foregoing industry trends indicate potential demand for certain of ITC's specific product libraries. For example, growth in the "PC Skills" training market is being fueled by the expanded use of personal computers. The demand for "Regulatory Training" has already increased due to new Federal government mandated training for Occupational Safety and Health Act ("OSHA") regulations and other safety related issues. Demand for the Company's "Technical Skills" and "Instrumentation Training" programs has also increased, due to both an increasingly competitive operating environment and the restructuring and downsizing of corporate America that together drive the need for more efficient cross-trained employees. ITC's management believes that the Company is well positioned to capitalize on both the increases in the overall training market and the transition to technology-based learning solutions. See "Risk Factors -- Developing Market, --Changing Technologies, - Competition."

Products and Services

ITC is a full-service training company specializing in the development, production, marketing and sale of both off-the-shelf and custom interactive multimedia training courseware for corporate, educational and governmental organizations. The Company offers in excess of 200 titles in its Activ(REGISTERED TRADEMARK) Learning Libraries, and 300 videotape programs. ITC's courseware employs the power of full-screen full-motion video on a PC platform. These courses combine high quality video and sound with the PC's capabilities for graphics and automatic recordkeeping.

Although the analog laser disc system remains today's standard for quality multimedia, the Company recognizes the importance of emerging digital technologies. ITC has begun the process of converting its courseware to digital-based CD-ROM platforms. Currently ITC's "Regulatory Training" and "PC Skills" learning libraries are available in both MPEG and DVI digital formats, while "Basic Skills," "Technical Skills" and "Instrumentation Training" are in the process of being converted to MPEG. The Company expects the conversion to expand the possibilities for portability and networking.

The vast majority of ITC's products are interactive multimedia programs; however, the Company does market, sell and distribute certain linear training products (primarily videotape and text-based) through its USA Training division.

Along with its products, the Company offers a variety of services to support the customer's training programs. ITC works with each customer to determine technological requirements and appropriate courseware. If desired, certain courses can be customized to meet customer needs. Upon request, ITC personnel handle the on-site installation of hardware and courseware. Customer assurance representatives respond promptly to customer inquiries received during and after business hours. The Company

believes that its training solutions can command a premium price relative to other technology-based training programs.

Activ(REGISTERED TRADEMARK) Learning Libraries

The Activ(REGISTERED TRADEMARK) "PC Skills Learning Library" provides a powerful, yet flexible, approach to understanding personal computers while unlocking the productivity power of today's new software tools. This Activ(REGISTERED TRADEMARK) Learning Library includes introductory courses on PCs, Windows(REGISTERED TRADEMARK) software applications, including Microsoft(REGISTERED TRADEMARK), Lotus(REGISTERED TRADEMARK), and WordPerfect(REGISTERED TRADEMARK) products, as well as several programs on DOS-based applications.

The Activ(REGISTERED TRADEMARK) "Regulatory Training Learning Library" addresses many of the OSHA, Environmental Protection Agency and Department of Transportation regulations. Titles include "Confined Space Entry," "Transport of Hazardous Material," "Lockout/Tagout," "Environmental Awareness," "Powered Industrial Vehicles," and "Bloodborne Pathogens." ITC's Activ(REGISTERED TRADEMARK) regulatory courses provide broad regulatory training coverage and updates for regulatory changes.

The Activ(REGISTERED TRADEMARK) "Technical Skills Learning Library" is designed to increase technical competency. These uniquely customizable courses use "real world" workplace situations and terminology, providing a practical atmosphere for the learner. The Activ(REGISTERED TRADEMARK) "Technical Skills Learning Library" offers nearly 100 courses that address specific technical training needs in the areas of fundamentals, quality, safety, mechanical, and electrical/electronics.

The Activ(REGISTERED TRADEMARK) "INVOLVE(REGISTERED TRADEMARK) Instrumentation Learning Library" offers "Technical Skills" courses relating to instrumentation topics. Developed by ITC in association with ISA, the 51 customizable courses comprising the library communicate complex instrument, multi-craft and process operations. Lessons are available on every level from the basic principles of process control to the hands-on skills necessary to keep a process running. The Activ(REGISTERED TRADEMARK) "INVOLVE(REGISTERED TRADEMARK) Instrumentation Learning Library" includes broad training topics from distributed control to instrument calibration and troubleshooting to industrial measurement.

The Activ(REGISTERED TRADEMARK) "Basic Skills Learning Library" provides students with a working understanding of math, reading, writing and interpersonal skills. The courses can be customized to highlight situations that may be encountered by employees on the job.

Activ(REGISTERED TRADEMARK) Administration System

The Company's proprietary Activ(REGISTERED TRADEMARK) Administration system offers customers a method of managing, reporting and tracking their

employees' individual and group training data and progress when training with ITC's traditional Activ(REGISTERED TRADEMARK) programs.

Hardware

The Company sells personal computers and related multimedia hardware products to customers who require hardware to implement training programs. In addition to being an authorized IBM Industry Remarketer and a Value Added Reseller, the Company utilizes the products of Compaq, Gateway and other computer hardware manufacturers. Such hardware is integrated with ITC's Activ(REGISTERED TRADEMARK) courseware to provide a full-service solution to the training needs of ITC's clients.

All materials used in the Company's products are available from numerous sources of supply. The Company does not foresee any shortage of such materials. Further, ITC does not believe that the loss of any single supplier would have a material adverse effect on the Company taken as a whole.

Product Development

The Company has made substantial investments in product development. ITC products are developed both internally and with third party contractors. After a subject has been researched and identified for product development, the first step in developing a new training program is to develop a working knowledge of the underlying content by using a combination of subject matter experts, existing courses, and product reference materials. The Company then writes a program script, which covers all of the relevant concepts, tasks to be completed, interactive features and tests to measure achievement and to reinforce the lesson. During and after development of a script, the Company's developers, programmers, video directors, and graphic designers, simultaneously plan and develop the course's performance characteristics and video graphics. The final script and graphics are integrated into a single file. Video and audio are recorded onto a master videotape which is subsequently mastered as a laser disc and a CD-ROM. The workbook is finalized and printed and course diskettes are then prepared. The program is then tested to ensure that each course delivers the desired education and training. After testing is complete, the product is released for sale.

The Company performs its own research and development activities and retains control over course development performed by outside developers and subcontractors. All deliverables produced by outside developers or subcontractors remain the Company's property.

Expenditures for product development were $1,543,128 in fiscal year 1994, $969,870 in fiscal year 1993, and $755,576 for the six-month period ending June 30, 1995 (excluding the INVOLVE(REGISTERED TRADEMARK) product purchase of $1,398,507). See "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Risk Factors -- Dependence on Product Development."

Sales, Marketing and Customer Support

Distribution of the Company's products is managed through a number of channels. Primarily, the Company employs a direct sales force that is responsible for sales of the Company's interactive multimedia products throughout North America. The Company also markets its products through dealers, distributors and, in the case of the Activ(REGISTERED TRADEMARK) "PC Skills Learning Library," its ComSkill franchisees. In foreign markets, with the exception of Canada, the Company markets its products through dealers and distributors.

Direct Sales

The Company's direct sales force and support organization is responsible for the distribution of ITC's interactive multimedia products throughout North America, with the exception of those territories that have been sold to ComSkill franchises as exclusive territories for distribution of the Activ(REGISTERED TRADEMARK) "PC Skills Learning Library." The efforts of the direct sales and support personnel accounted for approximately 84% of the Company's multimedia revenues in 1994. At June 30, 1995, ITC employed fifteen direct sales people responsible for generating new customer sales and eight customer service representatives providing ongoing support for the Company's existing customer base. In addition, the Company employs an internal sales staff to assist the direct sales force and customer service representatives. With the exception of Canada, the Company does not have a direct sales employee presence in international markets.

The Company develops direct sales contacts from many sources. The Company has established a presence at many of the training industry's national and regional trade shows. Trade shows permit the Company to promote and enhance its image as a leading publisher and distributor of self-directed training programs, and to initiate customer contacts, which are followed by a direct salesperson or customer service representative communication. The Company also contacts potential clients referred by existing customers.

Indirect Sales

The Company also distributes its products through a variety of indirect sales channels, which include dealers, distributors and franchises. The indirect sales channels generated 16% of the Company's revenues in 1994. The Company believes that utilizing indirect sales channels offers the Company additional opportunities to broaden its customer base. By having the Company's dealers, distributors and franchises establish their own presence in local markets, ITC accesses customers in some markets that could not be targeted as cost-effectively by the Company's direct sales force. The Company currently utilizes approximately twelve dealers and distributors in foreign markets, excluding Canada.

The franchises sold through ITC's ComSkill subsidiary employ their own direct sales personnel to market and sell ITC's products throughout their

protected territories. ComSkill franchises have exclusive rights to sell "PC Skills" products and nonexclusive rights to sell other ITC products. In connection with the Company's strategy to expand distribution channels, ITC intends to explore relationships with additional prospective resellers of its courseware.

ComSkill Franchises

ComSkill offers and sells franchises to independent operators or franchisees throughout the United States and Canada for the sale and distribution of ITC "PC Skills" courseware and the operation of personal computer multimedia learning centers within exclusive territories. Under the terms of the franchise agreements, the franchisees have the right to resell and rent "PC Skills" courseware to third parties. Territories are based on IDC's statistical survey of personal computer distribution in each of the top 150 Metropolitan Statistical areas in the United States as of January 1, 1993, and on county and postal zip codes. All franchise agreements are for a ten-year term, with eligibility for renewal for an additional ten years, subject to certain terms and conditions. Franchisees are also granted the right to use the trademark "ComSkill" with logo, registered with the U.S. Patent and Trademark Office on January 3, 1995, Registration No. 1,871,652. ComSkill currently has seventeen territories established.

Customer Support

The Company provides customer support in several ways. First, each sale is based upon an analysis of the customer's training needs. Second, ITC offers "1-800" telephone support to its customers during normal business hours. Third, the Company solicits feedback from new and existing customers regarding service improvements and requests for new products.

Customers

ITC's Activ(REGISTERED TRADEMARK) courseware is used in over 5,000 companies, including many Fortune 1,000 companies, and other major organizations. These organizations span a wide range of industries including industrial processing and manufacturing, telecommunications, utilities, government and education. The following table lists certain of the Company's customers within each of the identified industries. The organizations listed below (or their affiliates) purchased in excess of $100,000 of products from the Company since January 1, 1994.

<TABLE>
<CAPTION>

Process/Mfg.	Telecommunications	Utilities	Government	Education	Other
<S>	<C>	<C>	<C>	<C>	<C>
Anheuser-Busch	BellSouth Corporation	Carolina Power and Lighting	Administrative Offices of the U.S. Courts	DeKalb County (GA) Board of Education	CSX
Ford Motor	NYNEX Corporation	Illinois Power	Health Canada		Excel

Company			Corporation
General Electric Company	PEPCO	Navy Public Works	First Union National Bank of North Carolina, N.A.
Lockheed-Martin	The Southern Companies	Revenue Canada	Talent Tree Personnel Services
North Star Steel		Statistics Canada	

</TABLE>

No customer accounted for more than 7% of revenues in 1994. Less than 10% of the Company's 1994 revenues was derived from foreign sales.

Intellectual Property

The Company considers its training programs to be proprietary and relies primarily on a combination of statutory and common law copyright, trademark and trade secret laws, customer licensing agreements, employee and third party nondisclosure agreements and other methods to protect its proprietary rights. Certain of the Company's "Basic Skills" and "Technical Skills" products are owned by limited partnerships, in which the Company acts as a general partner and in some cases, the Company also participates as a limited partner.

The Company is the owner of certain trademarks filed in the United States Patent and Trademark Office:

- -- ACTIV, Reg. No. 1,542,258 expiring June 6, 2009
- -- ACTIV (with logo), Reg. No. 1,541,251, expiring May 30, 2009
- -- ITC (with logo), Reg. No. 1,456,363, expiring Sept. 8, 2007
- -- ITC (with logo), Reg. No. 1,483,827, expiring Apr. 5, 2007
- -- ComSkill (with logo), Reg. No. 1,871,652, expiring Jan. 3, 2001
- -- INVOLVE, Reg. No. 1,655,283 (originally registered in the name of Instrument Society of America and assigned to the company by

assignment dated March 13, 1995 and filed in the United States Patent and Trademark Office) expiring September 1996

The Company's trademarks are eligible for renewal at the time of their expiration and may be maintained indefinitely by the Company, provided the Company is still using the trademark and fulfills the United States Patent and Trademark Office's filing requirements.

Additionally, the Company has filed trademark applications for the trademarks on "Enginuity" (one for products and another for services) and "USA Training", which applications are currently pending in the United States Patent and Trademark Office. See "Risk Factors -- Intellectual Property."

Competition

There are many companies engaged in the business of providing training and instructional materials. These companies include providers of traditional instructor-led training, multimedia developers and sellers, textbook publishers, manufacturers of videotapes, training films, and others, all of which compete for available training funds. At present, there are also several providers of interactive multimedia training products. Management believes that the number of companies providing multimedia training products will continue to increase in the future. Some of these companies are larger and have greater resources than ITC, while others offer only specialized training materials. Management believes that its five "Learning Libraries" offer the most broad array of interactive multimedia training products and services. See "Risk Factors -- Competition."

Employees

At June 30, 1995, the Company and its subsidiaries employed a total of 78 people, all of whom are full-time. The Company utilizes free-lance and temporary personnel who are familiar with ITC's development and production process to support increased personnel requirements that arise from time to time. The Company is not a party to any collective bargaining agreements, and believes that relations with its employees are good.

Facilities

The Company currently occupies 28,431 square feet of office, warehouse and production space in a commercial building located at 13515 Dulles Technology Drive, Herndon, Virginia. The lease expires in June of 1999. Further, the Company occupies approximately 6,450 square feet of office space in a commercial building located at One Buckhead Plaza, Suite 1500, 3060 Peachtree Road, Atlanta, Georgia. This lease expires in January of 1996. All facilities are in good condition and are adequate for the Company's use.

Legal Proceedings

The Company is not a party to, nor is any of its property the subject of, any material pending legal proceedings.

MANAGEMENT

Directors and Executive Officers

The Directors and Executive Officers of the Company are as follows:

<TABLE>
<CAPTION>

Name	Age	Title
<S>	<C>	<C>
James H. Walton	62	Chairman of the Board, President and Chief Executive Officer
Gerald H. Kaiz	56	Vice Chairman of the Board, Executive Vice President and Secretary
Steven L. Roden	45	Director, Executive Vice President and Chief Executive Officer of ComSkill
Elaine H. Babcock	38	Senior Vice President of Sales
Philip J. Facchina	33	Vice President, Treasurer and Chief Financial Officer
Elizabeth E. Tomaszewicz	49	Vice President, President of ComSkill
Robert VanStry	45	Vice President
Thomas M. Balderston	39	Director
Daniel R. Bannister	65	Director
John D. Sanders	56	Director
Richard E. Thomas	68	Director

</TABLE>

James H. Walton is Chairman of the Board, President and Chief Executive Officer of ITC. Mr. Walton has been a Director and officer of ITC since 1977. Prior to the founding of ITC in 1977, he was responsible for audiovisual production at NUS Corporation, an engineering and consulting firm, (1973-1977). Mr. Walton holds a B.S. and M.A. from the University of Nebraska.

Gerald H. Kaiz is Vice Chairman of the Board, Executive Vice President and Secretary of ITC. Mr. Kaiz has been a Director and officer of ITC since 1977. Prior to the founding of ITC, Mr. Kaiz was Manager of Training Consulting for NUS Corporation (1967-1977). Mr. Kaiz holds a B.S. degree in Physics and an M.S. degree in Nuclear Engineering from the Massachusetts Institute of Technology.

Steven L. Roden, a Director since 1993, is Chief Executive Officer of ComSkill and Executive Vice President of ITC. Mr. Roden served as President and Chief Executive Officer of Comsell from 1987 until its liquidation into ITC in January 1995. Prior to Comsell, he was President of Digital Controls Video, Inc., Vice President of Coloney, Inc., and Vice President of First Florida Bank Corp. Mr. Roden holds an M.B.A. in Finance and Marketing and a B.S. from Florida State University.

Elaine H. Babcock is Senior Vice President of Sales of ITC. In this capacity, she is responsible for all distribution of off-the-shelf product sales of the Company and its affiliates in North America, with the exception of sales through the ComSkill franchise network. Prior to January 1994, Ms. Babcock used her sales and management expertise to build ITC's Custom Services Department. Ms. Babcock joined the Company in 1978 as a Video Production Specialist with a Communications degree from the University of Maryland.

Philip J. Facchina is Vice President, Treasurer and Chief Financial Officer of ITC. Prior to joining ITC in October 1992, Mr. Facchina served as Treasurer and Chief Financial Officer of Facchina Construction Company, Inc. Prior to then, Mr. Facchina served as Vice President of Finance and Administration for E. C. Ernst, Inc. He is a former audit manager of Arthur Young & Company (now Ernst & Young LLP). Mr. Facchina holds an M.B.A. from the University of Pennsylvania's Wharton Business School, a B.S. in Accounting from the University of Maryland, and is a C.P.A.

Elizabeth E. Tomaszewlcz, is a Vice President of ITC and President of ComSkill. Prior to joining the Company, Ms. Tomaszewicz served as Senior Vice President of Sales and Marketing of TRO Learning, Inc. (TRO), 1989 to 1993. Prior to TRO, she served as Executive Vice President, Marketing and Field Operations of Applied Learning International, Inc. Ms. Tomaszewicz holds a B.S. from the University of Massachusetts.

Robert F. VanStry is a Vice President of ITC. Mr. VanStry joined the Company in May 1978 as Senior Training Associate and subsequently fulfilled the responsibilities of Manager of Engineering Projects, Manager of Project Development, and Vice President of Training Services.

Thomas M. Balderston, a Director since 1993, has been a partner of TDH, a venture capital fund group, from 1985 to present. He is also Director of Actronics, Inc. Prior to TDH, he was Assistant Vice President of Middle Market Lending for the Bank of Boston. Mr. Balderston holds an M.B.A. from the Anderson School of Management at UCLA and a B.A. from Williams College.

Daniel R. Bannister, a Director since 1988, has been President and Chief Executive Officer of DynCorp, a leading professional and technical

services firm, since 1985. He was Executive Vice President and Senior Vice President of its Technical Services Group from 1983 to 1984.

John D. Sanders, a Director since 1977, is Chairman and Chief Executive Officer of Tech News Inc., publishers of Washington Technology newspaper. He holds a B.E.E. from the University of Louisville, Kentucky, and an M.S. and Ph.D. in Electrical Engineering from Carnegie Mellon University. Mr. Sanders is a member of the Boards of Directors of the following public companies: Daedalus Enterprises, Inc., an electronics specialty consultant; Information Analysis, Inc., a supplier of computer software services; and Data Measurement Corporation, a publicly held manufacturer of specialized measuring equipment.

Richard E. Thomas, a Director since 1982, was Chairman of the Board, President and Chief Executive Officer of Radiation Systems, Inc., a communications systems manufacturer, from 1978 until 1994, at which time Radiation Systems, Inc. was merged into COMSAT Corporation and Mr. Thomas became the President of COMSAT RSI.

The Company has three classes of directors. Each class serves staggered terms of three years in duration. The terms of Messrs. Balderston, Roden, and Walton are due to expire in 1997. The terms of Messrs. Bannister and Kaiz are due to expire in 1996. The terms of Messrs. Sanders and Thomas are due to expire in 1998. Directors are elected by a plurality of the votes cast at the Company's annual meeting of shareholders. Directors who are employees of the Company receive no extra compensation for serving as Directors. Non-employee Directors are paid $1,500 per quarter and $250 per meeting.

Committees of the Board of Directors

Compensation Committee - The Board of Directors has a three-member Compensation Committee, the members of which are outside directors. Messrs. Thomas, Sanders and Bannister serve on this Committee. The Committee recommends salaries and other compensation of the executive officers of the Company for action by the whole Board.

Audit Committee - The Board of Directors has also established an Audit Committee which is comprised of the same outside directors as the Compensation Committee. The Audit Committee acts in an oversight capacity to review quarterly and year-end financial processes, and meets with the Company's auditors to review their reports and recommendations.

Employment Agreements

The Company has entered into employment agreements with its executive officers. The agreements are generally subject to termination upon (i) death (with certain individuals' beneficiaries receiving up to $5,000 in death benefits); or (ii) disability; (iii) upon 45-60 days notice (depending upon the individuals) by the Company. The agreements provide for 34 months of severance pay to Messrs. Walton and Kaiz, 12 months of

severance pay to Messrs. Facchina and Roden and Ms. Tomaszewicz, and 10 months of severance pay to Ms. Babcock and Mr. VanStry (with certain exceptions for liquidation other than in connection with the transfer of all Company assets to another entity as in a merger or consolidation). The agreements with Ms. Babcock, Ms. Tomaszewicz and Mr. Facchina specify that upon certain changes of control, Ms. Babcock and Ms. Tomaszewicz would receive 12 months salary as severance pay if they are terminated or voluntarily leave within one year of the effective date of such an occurrence and Mr. Facchina would receive 24 months salary as severance pay upon a change of control.

In addition to basic salary, each officer is eligible to receive salary increases, bonuses, stock option grants, pension and profit sharing arrangements and other employee benefits that may from time to time be awarded or made available. Messrs. Walton and Kaiz are required to give the Company 12 months notice of resignation, while the other executive officers must provide from 45-120 days notice. During the notice period, all officers receive salary. The agreements also provide for certain paid sick leave or disability and reimbursement of certain other medical expenses not covered by the Company's group insurance. See "Risk Factors -- Dependence On and Need for Key Personnel."

Executive Compensation Summary Table

The following information is being furnished with respect to the Company's compensation of its Chief Executive Officer ("CEO") and its executive officers whose annual salary and bonus exceeded $100,000 for the most recent fiscal year, for services rendered to the Company during each of the last 3 completed fiscal years.

<TABLE>
<CAPTION>

Summary Compensation Table

ANNUAL COMPENSATION

Name and Principal Position <S>	Year <C>	Salary ($) <C>	Bonus($) (b) <C>	Other Annual Compensation($) (c) <C>	Securities Underlying Options Granted (#) <C>
James H. Walton	1994	133,183	80,000	13,470	0
President & CEO	1993	132,088	0	10,455	0
	1992	117,808	48,000	11,713	2,000
Gerald H. Kaiz	1994	112,332	30,000	11,858	0
Executive Vice President	1993	117,783	0	9,220	0
& Secretary	1992	109,965	10,000	10,998	0
Steven L. Roden	1994	120,609	45,000	12,930	0
Executive VP - ITC	1993	29,800 (a)	0	2,503	30,000
CEO - ComSkill	1992	0	0	0	0
Elaine H. Babcock Senior	1994	86,770	37,500	9,150	30,000
Vice President	1993	80,233	0	6,688	0
	1992	72,106	10,000	7,469	0
Philip J. Facchina Vice	1994	87,366	60,000	23,460 (d)	0
President, Chief	1993	72,852	0	28,906 (d)	15,000
Financial Officer &	1992	11,181	5,000	0	9,000
Treasurer					
Robert F. VanStry	1994	90,623	30,000	8,078	0
Vice President	1993	75,670	0	6,166	0
	1992	71,595	7,875	7,469	0

</TABLE>

a) Mr. Roden was hired by the Company as of September 30, 1993, the date of the CI acquisition. Salary compensation represents amounts paid by the Company to Mr. Roden after the acquisition of CI.
b) Bonus compensation represents amounts paid to the executive pursuant to the Company's Incentive Compensation Plan for the year earned.
c) Represents the fair market value of shares allocated pursuant to the Company's Employee Stock Ownership Plan.
d) Includes amounts paid by Company for certain education related expenses.

Options Grants for Fiscal 1994 and Potential Realizable Values

Ms. Babcock received options to purchase 30,000 shares during Fiscal 1994. Messrs. Walton and Facchina received options to purchase 50,000 shares and 25,000 shares, respectively, during the first quarter of 1995.

Option Exercises and Values for Fiscal 1994

The following table sets forth as to each of the named executive officers information with respect to option exercises during Fiscal 1994 and the status of their options on December 31, 1994.

<TABLE>
<CAPTION>

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Unexercised Options at Fiscal Year End (#) Exercisable (E)/ Unexercisable (U)	Value of Unexercised in-the-Money Options at Fiscal Year End ($) Exercisable(E)/ Unexercisable (U)
<S>	<C>	<C>	<C>	<C>
James H. Walton	-	-	28,000 (E)	74,674 (E)
Gerald H. Kaiz	-	-	26,000 (E)	63,674 (E)
Steven L. Roden	-	-	10,000 (E)	55,000 (E)
			20,000 (U)	110,000 (U)
Elaine H. Babcock	-	-	13,000 (E)	33,125 (E)
			30,000 (U)	0 (U)
Philip J. Facchina	-	-	10,000 (E)	57,500 (E)
			14,000 (U)	85,000 (U)
Robert F. VanStry	-	-	13,000 (E)	32,125 (E)

</TABLE>

Stock Options and Warrants

At June 30, 1995, the Company had outstanding options to purchase Common Stock under three separate qualified incentive stock option plans. Two plans, the 1992 Director Incentive Stock Option Plan and the 1992 Key Employee Incentive Stock Option Plan, were adopted by the Board of Directors and approved by the shareholders during 1992. These plans have effectively replaced the Company's 1982 Incentive Stock Option Plan that expired in 1992.

Pursuant to the 1982 Incentive Stock Option Plan, at June 30, 1995, there were 72,000 options outstanding at exercise prices ranging from $2.00 to $3.16. This plan has no additional options available for grant. Options exercisable at June 30, 1995 expire as follows: 48,000 in 1995 and 24,000 in 1996.

Pursuant to the 1992 Key Employee Incentive Stock Option Plan, at June 30, 1995, there were 96,000 options outstanding at exercise prices ranging from $4.13 to $6.75, and 18,500 options were available for additional grants. Options outstanding at June 30, 1995 expire as follows: 2,000 in 1996 and 94,000 in 1997 through 2002. Options for 34,000 shares are exercisable at June 30, 1995.

Pursuant to the 1992 Director Incentive Stock Option Plan, at June 30, 1995, there were 4,000 options outstanding at an exercise price of $5.00, and 31,000 options are available for additional grants. All 4,000 of these options were exercisable at June 30, 1995 and expire in 1999. All options granted pursuant to this plan are nonqualified.

From time to time, the Company has granted other nonqualified options to certain individuals. At June 30, 1995, there were 120,000 of these options outstanding at exercise prices ranging from $2.13 to $7.50.

Options outstanding at June 30, 1995 expire as follows: 9,000 in 1995 and 6,000 in 1996, and 105,000 in 1999 through 2001. Options for 90,000 shares were exercisable at June 30, 1995.

In connection with a 1987 $1,275,000 debenture financing, the Company entered into warrant agreements with certain investment advisors. Pursuant to the warrant agreements, these advisors may purchase up to 7,286 shares (14,572 shares adjusted for the 1992 stock split) of the Company's Common Stock at an original purchase price of $7.00 per share ($3.50 per share as adjusted for the 1992 stock split). Such purchase must occur in increments of 1,000 shares or more. The warrant agreements expire July 31, 1998 and are transferrable only once. The warrant agreement grants the holder certain "piggyback" registration rights only if the Company registers shares represented by other outstanding warrants or options. The Company has no current plans to register for sale any outstanding warrants or options.

Incentive Compensation Plan

Historically, the Company has adopted an Incentive Compensation Plan ("ICP") for each fiscal year, designed to provide additional incentive to the Company's officers to achieve the growth and profitability goals of the Company. The maximum compensation payable under the ICP is determined by the Board of Directors at the beginning of each fiscal year and no payments are made under the ICP in the event that the targeted revenues and net income for ITC as set forth in the ICP are not achieved. Payments to the participants in the ICP are based upon the participant achieving targeted revenues, or in the case of those officers with both revenue and net income responsibilities, achieving both targeted revenues and targeted net income. Payments made under the ICP are calculated at the end of each fiscal year and are paid to the eligible participants within 15 days after completion of the annual audit of the Company's financial statements and the Company's filing of its Annual Report on Form 10-KSB with the Commission.

Employee Stock Ownership Plan

Effective January 1, 1992, the Company established an Employee Stock Ownership Plan ("ESOP") for the benefit of substantially all employees. The purpose of the ESOP is to enable participating employees to share in the growth of the Company. The ESOP requires that the greater of 33,334 shares or the amount of shares equal to five percent of total compensation of eligible employees be allocated to employee accounts annually. Each participating employee is allocated shares based upon his or her relative annual compensation. The shares vest over time and are fully vested when an employee has six years of service with the Company. The ESOP does not require any monetary contribution from the participating employee, but has a minimum eligibility requirement of 1,000 hours of service in any plan year.

The ESOP is administered by three Trustees who are subject to the terms and conditions of a separate trust agreement which specifies their duties.

Each ESOP participant is eligible for distribution of benefits no later than the sixtieth (60th) day after the close of the plan year in which the following events occurs: (i) the participant attains the age of 65; (ii) the occurrence of the tenth anniversary in which the participant commenced participation in the plan; or (iii) the Participant terminates his service with the Company.

Limitation of Liability of Directors and Indemnification of Directors and Officers

The Company's Restated Bylaws provide that in the absence of fraud or bad faith the Company will indemnify its directors and officers to the full extent authorized by Maryland law against all liability and expenses actually and reasonably incurred in connection with or resulting from any action, suit, or proceeding in which such person becomes involved by reason of having been an officer or director of the Company. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended ("Securities Act") may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that, in the opinion of the

Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act, and is therefore unenforceable.

There is no pending litigation or proceeding involving a director or officer of the Company as to which indemnification is being sought, nor is the Company aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As a result of the Company's 1993 acquisition of CI and its subsidiaries, Comsell and ComSkill, all of the issued and outstanding equity securities

of CI were converted into the Company's Common Stock (the "Conversion"). In connection with the Conversion, a total of 610,000 shares of ITC Common Stock ("Conversion Shares") were issued to 15 persons, including the Selling Shareholders. Mr. Roden received 63,811 shares of ITC Common Stock. TDH II Limited ("TDH"), of which Mr. Balderston is a partner, received 432,911 shares of ITC Common Stock in exchange for its equity interest in CI, and an additional 10,000 shares of ITC Common Stock for certain consulting services related to the transaction. 113,278 shares of ITC Common Stock were issued to CI's other shareholders in the CI acquisition. The Conversion Shares are subject to certain resale restrictions under Rule 144 promulgated under the Securities Act. To the extent that the Conversion Shares are not sold in this Offering, they will begin to become eligible for future sale subject to the limitations of Rule 144 commencing in October 1995.

Piggyback Registration Rights

As part of the acquisition of CI, the Company granted certain "piggyback" registration rights to the holders of Conversion Shares. Under the Agreement and Plan of Merger, dated September 30, 1993 between CI and ITC (the "Merger Agreement"), ITC must, upon request, include former CI shareholders' Conversion Shares in any registration statement that ITC files with the Commission relating to a public offering of ITC common stock. Such "piggyback" rights are conditioned upon inclusion of Conversion Shares in the offering by the managing underwriter for the offering. Notwithstanding such "piggyback" rights, the Company retains control over all actions regarding a registration statement. The holders of Conversion Shares bear a proportionate amount of any underwriting discounts for their participation in the "piggyback" offering, and any expenses incurred by legal counsel retained by holders of Conversion Shares. The "piggyback" rights of holders of Conversion Shares expire on September 30, 1996.

Demand Registration Rights

Under the terms of the Merger Agreement, the Company granted to the holders of Conversion Shares a one-time demand registration right to register the Conversion Shares for sale. This one-time demand registration right may only be exercised upon request by a "Forty Percent Holder," defined as any holder of forty percent of the Conversion Shares, or a group of persons acting together to hold forty percent of the Conversion Shares. Given the distribution of stock in the Conversion, the registration rights may be exercised only if TDH elects to make such a demand. The demand rights expire in October, 1997. TDH has agreed not to exercise the demand registration right for a period of 360 days after the Offering and will not offer, sell, or otherwise dispose of the Company's Common Stock for 180 days after the Offering. See "Underwriting."

PRINCIPAL SHAREHOLDERS

Stock Ownership of Certain Beneficial Owners

The following table sets forth information as to the beneficial ownership of each person known to the Company to own more than 5% of the outstanding Common Stock, directors, named executive officers, and directors and officers as a group as of July 26, 1995.

<TABLE>
<CAPTION>

	Shares Beneficially Owned Prior to the Offering		Shares Beneficially Owned After the Offering(1)	
Name of Beneficial Owner	Number	Percent	Number	Percent
<S>	<C>	<C>	<C>	<C>
Thomas M. Balderston (2) One Rosemont Business Campus, Suite 301 919 Conestoga Road Rosemont, PA 19010	442,911	16.9%	290,843(3)	8.4%
Gruber & McBaine Capital Management, Inc. (4) 50 Osgood Place San Francisco, CA 94133	175,450	6.7%	175,450	5.1%
James H. Walton (5) 5213 N. 23rd Rd., Arlington, VA 22207	267,299	10.2%	267,299	7.7%
Gerald H. Kaiz (6) 14406 Nadine Dr., Rockville, MD 20853	175,714	6.7%	150,714(8)	4.3%
Steven L. Roden (7) 305 Glenn Lake Drive Atlanta, GA 30327	76,062	2.9%	63,300(9)	1.8%
John D. Sanders 4600 N. 26th St., Arlington, VA 22207	31,550	1.2%	31,550	.9%
Richard E. Thomas 8207 Light Horse Ct., Annandale, VA 22003	18,870	.7%	18,870	.5%
Daniel R. Bannister 8414 Brookwood Ct., McLean, VA 22102-1749	9,000	.3%	9,000	.3%
Elaine H. Babcock 16 Bogastow Circle Millis, MA 02054	17,977	.7%	17,977	.5%
Philip J. Facchina 8428 Boss Street Vienna, VA 22182	37,489	1.5%	37,489	1.1%
Robert VanStry 3157 Kirkwell Place Herndon, VA 22071	3,644	.2%	3,644	.1%
Directors and Executive Officers as a group (11 persons)	1,193,516	45.5%	1,166,448	33.6%

</TABLE>

(1) Assumes all 850,000 shares of Common Stock offered by the Company are sold and 3,305,624 shares outstanding after the Offering. Unless otherwise indicated, each person has sole voting and investment rights with respect to the shares specified opposite his name.

(2) Mr. Balderston's shares are held by TDH II Limited, with which Mr. Balderston is affiliated. Mr. Balderston does not have sole voting power for the shares.

(3) Assumes the sale of 152,068 shares in the Offering. See "Selling Shareholders."

(4) Includes 23,600 shares held by Jon D. Gruber and 13,300 shares held by J. Patterson McBaine, the sole directors and executive officers of Gruber & McBaine Capital Management ("GMCM"). Also includes 71,000 shares held by Laquintas Partners, L.P., a California limited partnership in which GMCM and Messrs. Gruber and McBaine are general partners, and 1,500 shares held by CMJ Investments, L.P., a California limited partnership in which GMCM and Messrs. Gruber and McBaine are general partners. GMCM and Messrs. Gruber and McBaine disclaim beneficial ownership of the shares held by Laquintas Partners, L.P. and CMJ Investments, L.P. Does not include 54,100 shares held by Laquintas Partners, L.P., a California limited partnership in which Messrs. Gruber and McBaine are general partners and for which they disclaim beneficial ownership.

(5) Includes 1,000 shares owned by spouse and 5,799 shares held by the Company's Employee Stock Ownership Plan. Includes 72,000 shares which Mr. Walton is entitled to acquire pursuant to stock options.

(6) Includes 1,000 shares owned by spouse and 5,214 shares held by the Company's Employee Stock Ownership Plan. Includes 6,000 shares which Mr. Kaiz is entitled to acquire pursuant to stock options.

(7) Includes 2,251 shares held by Employee Stock Ownership Plan. Includes 10,000 shares which Mr. Roden is entitled to acquire pursuant to stock options.

(8) Assumes the sale of 25,000 shares in the Offering. See "Selling Shareholders."

(9) Assumes the sale of 12,762 shares in the Offering. See "Selling Shareholders."

SELLING SHAREHOLDERS

The following shareholders are selling Common Stock in the Offering.

<TABLE>
<CAPTION>

	Shares Beneficially Owned Prior to the Offering		Number of Shares Offered	Shares Beneficially Owned After the Offering	
Name of Beneficial Owner	Number	Percent		Number	Percent
<S>	<C>	<C>	<C>	<C>	<C>
TDH II Limited	442,911	16.9%	152,068	290,843	8.4%
Gerald H. Kaiz	175,714	6.7%	25,000	150,714	4.3%
Steven L. Roden	76,062	2.9%	12,762	63,300	1.8%
Harvey Shuster	29,734	1.0%	5,947	23,787	0.7%
Glenn Crews	12,849	*	2,510	10,339	*
Phyllis Fobes	8,567	*	1,713	6,854	*

</TABLE>

DESCRIPTION OF SECURITIES

The authorized capital stock of the Company consists of 4,000,000 shares of Common Stock, $.10 par value, of which 2,455,624 shares are issued and outstanding. Upon completion of the Offering, the issued and outstanding

capital stock of the Company will consist of 3,305,624 shares of Common Stock (3,413,124 shares if the over-allotment option is exercised).

The Common Stock has voting rights and is entitled to dividends from sources available therefor when, as and if declared by the Board of Directors. See "Price Range of Common Stock and Dividend Policy." Shareholders have no preemptive rights and no rights to convert their Common Stock into any other securities. The holders of Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of the shareholders. In the event of a liquidation, dissolution or winding up of the Company, holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding preferred stock. There are no redemption or sinking fund provisions applicable to the Common Stock. All outstanding shares are, and all shares to be sold and issued as contemplated hereby will be, fully paid and nonassessable and legally issued.

The Company has three classes of Directors, which may tend to delay, defer, or prevent a change of control of the Company. In addition, the following statutes may have a similar effect.

Business Combination Statute. The Maryland General Corporation Law establishes special requirements with respect to "business combinations" between Maryland corporations and "interested stockholders" unless exemptions are applicable. Among other things, the law prohibits for a period of five years a merger and other specific or similar transactions between a company and an interested stockholder and requires a supermajority vote for such transactions after the end of such five year period.

"Interested stockholders" are all persons owning beneficially, directly or indirectly, more than 10% of the outstanding voting stock of a Maryland corporation. "Business combinations" include any merger or similar transaction subject to a statutory vote and additional transactions involving transfers of assets or securities in specified amounts to interested stockholders or their affiliates. Unless an exemption is available, transactions of these types may not be consummated between a Maryland corporation and an interested stockholder or its affiliates for a period of five years after the date on which the stockholder first became an interested stockholder and thereafter may not be consummated unless recommended by the board of directors of the Maryland corporation and approved by the affirmative vote of at least 80% of the votes entitled to be cast by all holders of outstanding shares of voting stock and 66 % of the votes entitled to be cast by all holders of outstanding shares of voting stock other than the interested stockholder. A business combination with an interested stockholder which is approved by the board of directors of a Maryland corporation at any time before an interested stockholder first becomes an interested stockholder is not subject to the special voting requirements.

An amendment to a Maryland corporation's charter electing not to be subject to the foregoing requirements must be approved by the affirmative vote of at least 80% of the votes entitled to be cast by all holders of outstanding shares of voting stock and 66 % of the votes entitled to be cast by holders of outstanding shares of voting stock who are not interested stockholders. Any such amendment is not effective until 18 months after the vote of stockholders and does not apply to any business combination of a corporation with a stockholder who was an interested stockholder on the date of the stockholder vote. The Company has not adopted any such amendment to its Charter.

Control Share Acquisition Statute. The Maryland General Corporation Law imposes limitations on the voting rights of shares of capital stock acquired in a "control share acquisition." The Maryland statute defines a "control share acquisition" at the 20%, 33 % and 50% acquisition levels and requires a two-thirds stockholder vote (excluding shares owned by the acquiring person and certain members of management) to accord voting rights to stock acquired in a control share acquisition. The statute also requires Maryland corporations to hold a special meeting at the request of an actual or proposed control share acquiror generally within 50 days after a request is made with the submission of an "acquiring person statement," but only if the acquiring person (a) posts a bond for the cost of the meeting and (b) submits a definitive financing agreement to the extent that financing is not provided by the acquiring person. In addition, unless the charter or bylaws provide otherwise, the statute gives the Maryland corporation, within certain time limitations, various redemption rights if there is a stockholder vote on the issue and the grant of voting rights is not approved, or if an "acquiring person statement" is not delivered to the target within 10 days following a control share acquisition. Moreover, unless the charter or bylaws provide otherwise, the statute provides that if, before a control share acquisition occurs, voting rights are accorded to control shares which results in the acquiring person having majority voting power, then minority stockholders have appraisal rights. An acquisition of shares may be exempted from the control share statute provided that a charter or bylaw provision is adopted for such purpose prior to the control share acquisition. There are no such provisions in the charter or bylaws of the Company.

Reference is made to the full text of the foregoing statutes for their entire terms, and the summary contained in this Prospectus is not intended to be complete. The summary is qualified in its entirety by the statutes, copies of which have been filed as exhibits to the Registration Statement of which this Prospectus is a part.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Company and the Selling Shareholders have agreed to sell to each of the Underwriters named below, and each of the Underwriters, for whom Ferris, Baker Watts, Incorporated is acting as Representative, has

severally agreed to purchase the number of shares of Common Stock set forth opposite its name below.

Underwriters	Number of Shares to be Purchased
Ferris, Baker Watts, Incorporated	
Total	1,050,000

The nature of the Underwriters' obligations under the Underwriting Agreement is such that all shares of Common Stock offered, excluding shares covered by the over-allotment option granted to the Underwriters, must be purchased if any are purchased. The Underwriting Agreement provides that the obligations of the several Underwriters thereunder are subject to the approval of certain legal matters by legal counsel and to certain other conditions.

The Company and the Selling Shareholders have been advised by the Representative that the several Underwriters propose to offer the shares of Common Stock to the public initially at the price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of $ per share. The Underwriters may allow, and such dealers may reallow, a concession not in excess of $ per share to other dealers. The public offering price and concessions and reallowances to dealers may be changed by the Representative.

The Company and TDH, one of the Selling Shareholders, have granted the Underwriters an option, exercisable within 45 days after the date of this Prospectus, to purchase up to an additional 157,500 shares of Common Stock to cover over-allotments at the same price per share to be paid by the Underwriters for the other shares offered hereby. If the Underwriters purchase any such additional shares pursuant to this option, each of the Underwriters will be committed to purchase such additional shares in approximately the same proportion as set forth in the above table. The Underwriters may purchase such shares only to cover over-allotments, if any, in connection with the Offering made hereby. If the over-allotment option is exercised in full, TDH may elect to sell up to 47,932 additional shares in the over-allotment. If the over-allotment is partially exercised, and TDH elects, then the Company and TDH will participate pro-rata in the over-allotment.

The Company and its executive officers and directors and certain shareholders have agreed that for a period of 180 days after the date of this Prospectus, they will not offer, sell or otherwise dispose of any shares of the Company's Common Stock, in the open market or otherwise,

without the prior written consent of the Representative, except to effect exercises of options.

The Company, the Selling Shareholders and the Underwriters have agreed to indemnify each other against certain liabilities, including certain liabilities under the Securities Act.

The Company has agreed to reimburse the Representative for expenses incurred by the Representative in an amount not to exceed $27,500.

The Representative has informed the Company that it does not expect the Underwriters to confirm sales of Common Stock offered by this Prospectus to any accounts over which it exercises discretionary authority.

LEGAL OPINIONS

The validity of the Common Stock offered hereby will be passed upon for the Company by Kirkpatrick & Lockhart LLP, Washington, D.C. Shapiro and Olander, Baltimore, Maryland, has acted as counsel to the Underwriters.

EXPERTS

The consolidated financial statements of Industrial Training Corporation at December 31, 1994 and 1993, and for each of the two years in the period ended December 31, 1994 appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein and in the Registration Statement, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

Index to Consolidated Financial Statements
of
Industrial Training Corporation

Report of Independent Auditors

The Board of Directors and Stockholders
Industrial Training Corporation

We have audited the accompanying consolidated balance sheets of Industrial Training Corporation as of December 31, 1994 and 1993, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Industrial Training Corporation at December 31, 1994 and 1993 and the consolidated results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Vienna, Virginia
February 24, 1995
ERNST & YOUNG LLP

<TABLE>
<CAPTION>

INDUSTRIAL TRAINING CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

<S>	December 31, 1993 <C>	December 31, 1994 <C>	June 30, 1995 (unaudited) <C>
Current assets:			
Cash and cash equivalents (note 6)	$ 126,136	$ 439,923	$ 1,178,642
Accounts receivable, net (notes 3, 6, and 7)	4,930,087	7,293,477	7,257,710
Due from affiliates (note 4)	159,734	86,111	46,388
Inventories, net of reserve of $83,400 at December 31, 1993 and $93,400 at December 31, 1994 and $93,400 at June 30, 1995, respectively	1,287,937	1,203,876	1,100,037
Prepaid expenses	182,378	118,446	305,846
Total current assets	6,686,272	9,141,833	9,888,623
Property and equipment (notes 5, 6, and 7):			
Video and computer equipment	1,977,119	2,366,661	2,717,431

Furniture and fixtures	1,011,482	1,032,563	1,037,204
Leasehold improvements	79,254	89,106	95,111
Videotape masters	144,180	144,180	144,180
	3,212,035	3,632,510	3,993,926
Less accumulated depreciation and amortization	(2,141,487)	(2,507,393)	(2,814,069)
Net property and equipment	1,070,548	1,125,117	1,179,857
Deferred program development costs, net of accumulated amortization of $1,682,017 at December 31, 1993; $3,006,689 at December 31, 1994; and $3,900,263 at June 30, 1995	4,139,859	4,358,315	5,618,824
Goodwill, net of accumulated amortization of $40,299 at December 31, 1993; $206,284 at December 31, 1994; and $288,784 at June 30, 1995	2,377,642	2,185,126	2,102,626
Investments in affiliates (note 4)	269,180	245,887	220,976

Other	98,615	73,769	73,658
Total assets	$14,642,116	$17,130,047	$19,084,564

See accompanying notes.

</TABLE>

<TABLE>
<CAPTION>

INDUSTRIAL TRAINING CORPORATION
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1993	December 31, 1994	June 30, 1995
	----	----	---- (unaudited)
<S>			<C>
Current liabilities:	<C>	<C>	
Line of credit (note 6)	$ 650,000	$ 80,000	$ --
Current installments of long-term debt (note 7)	770,593	328,637	580,726
Accounts payable	1,555,659	2,112,271	2,247,594
Due to affiliates (note 4)	431,787	419,895	281,529
Accrued expenses			
Compensation and benefits	591,216	942,215	488,259
Royalties	155,518	291,905	20,461
Deferred revenues	212,682	77,648	712,847
Income tax payable	--	--	300,000
Other	179,757	794,666	637,210
	-----------	-----------	-----------
Total current liabilities	4,547,212	5,047,237	5,268,626
Deferred lease obligations	111,730	119,316	111,968
Deferred income taxes (note 9)	463,498	1,136,522	1,239,062
Long-term debt (note 7)	1,101,462	772,826	1,614,198
	----------	-----------	----------
Total liabilities	6,223,902	7,075,901	8,233,854
Commitments (notes 4, 5 and 10)			
Stockholders' equity (notes 8 and 11):			
Common stock, $.10 par value, 4,000,000 shares authorized; 2,361,128 outstanding at December 31, 1993; 2,466,828 outstanding at December 31, 1994; and 2,473,328 outstanding at June 30, 1995	236,113	246,683	247,333
Additional paid-in capital	5,275,685	5,698,147	5,714,402

Note receivable from ESOP	(460,827)	(358,177)	(304,177)
Retained earnings	3,368,890	4,528,947	5,254,461
	-----------	-----------	-----------
	8,419,861	10,115,600	10,912,019
Treasury stock, at cost (3,404 shares in 1993; 18,004 shares in 1994; and	(1,647)	(61,454)	(61,309)

17,704 shares in June 30, 1995)			
Total stockholders' equity	8,418,214	10,054,146	10,850,710
Total liabilities and stockholders' equity	$14,642,116	$17,130,047	$19,084,564

See accompanying notes.
</TABLE>

<TABLE>
<CAPTION>

INDUSTRIAL TRAINING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31, 1993	Year Ended December 31, 1994	Six Months Ended June 30, 1994 (unaudited)	Six Months Ended June 30, 1995 (unaudited)
<S>	<C>	<C>	<C>	<C>
Revenues, net:				
Courseware	$11,662,493	$17,983,796	$7,673,944	$8,855,846
Hardware	2,149,482	4,353,219	1,689,701	2,399,786
Total revenues, net (note 4)	13,811,975	22,337,015	9,363,645	11,255,632
Cost of sales:				
Courseware	6,136,043	9,440,595	3,926,673	4,003,156
Hardware	2,078,649	4,187,960	1,655,281	2,449,252
Total cost of sales	8,214,692	13,628,555	5,584,954	6,452,408
Gross margin	5,597,283	8,708,460	3,778,691	4,803,224
Selling, general and administrative expenses	5,553,840	6,693,221	3,090,546	3,596,371

Equity in earnings of affiliates	(123,657)	(136,012)	(70,154)	(77,961)
Income before interest and provision for income taxes	167,100	2,151,251	758,299	1,284,814
Interest expense, net	131,298	186,194	87,826	54,300
Income before provision for income taxes	35,802	1,965,057	670,473	1,230,514
Income tax expense (note 9)	15,000	805,000	268,842	505,000
Net income	$ 20,802	$1,160,057	$ 401,631	$ 725,514
Net earnings per common share (note 1)	$ .01	$ .48	$ .17	$ .28
Weighted average number of shares outstanding	1,959,206	2,427,707	2,377,875	2,588,176

See accompanying notes.
</TABLE>

<TABLE>
<CAPTION>

INDUSTRIAL TRAINING CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock						
	Shares	Par Value	Additional Paid-in Capital	Note Receivable From ESOP	Retained Earnings	Treasury Stock	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1993	1,720,928	$172,093	$2,036,180	$(553,084)	$3,348,088	$(1,791)	$5,001,486
Treasury stock issued	--	--	3,236	--	--	264	3,500
Treasury stock acquired	--	--	(1,692)	--	--	(120)	(1,812)
Note payments	--	--	--	92,257	--	--	92,257
New shares issued:							
Stock options exercised	20,200	2,020	44,961	--	--	--	46,981
Comsell acquisition	620,000	62,000	3,193,000	--	--	--	3,255,000
Net income	--	--	--	--	20,802	--	20,802
Balance at December 31, 1993	2,361,128	236,113	5,275,685	(460,827)	3,368,890	(1,647)	8,418,214
Treasury stock issued	--	--	2,007	--	--	193	2,200
Treasury stock acquired	--	--	--	--	--	(60,000)	(60,000)
Note payments	--	--	--	102,650	--	--	102,650
New shares issued:							
Stock issuance	100,000	10,000	402,500	--	--	--	412,500
Stock options exercised	5,700	570	17,955	--	--	--	18,525
Net income	--	--	--	--	1,160,057	--	1,160,057
Balance at December 31, 1994	2,466,828	246,683	5,698,147	(358,177)	4,528,947	(61,454)	10,054,146
Treasury stock issued	--	--	1,505	--	--	145	1,650
Note payments	--	--	--	54,000	--	--	54,000
New shares issued:							
Stock options exercised	6,500	650	14,750	--	--	--	15,400
Net income	--	--	--	--	725,514	--	725,514
Balance at							

June 30, 1995 (unaudited)	2,473,328	$247,333	$5,714,402	$(304,177)	$5,254,461	$(61,309)	$10,850,710
	=========	========	==========	==========	==========	========	===========

See accompanying notes.
</TABLE>

<TABLE>
<CAPTION>

INDUSTRIAL TRAINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 1993	Year Ended December 31, 1994	Six Months Ended June 30, 1994 (unaudited)	Six Months Ended June 30, 1995 (unaudited)
<S>	<C>	<C>	<C>	<C>
Cash flows from operating activities:				
Net income	$ 20,802	$ 1,160,057	$401,631	$ 725,514
Reconciling items:				
Provision for deferred taxes	15,000	765,000	263,028	102,540
Depreciation and amortization	1,041,091	1,918,123	839,695	1,307,661
Salespeople awards of treasury shares	1,688	2,200	--	1,650
Increase in reserve for doubtful accounts	50,963	78,000	--	45,000
Increase in reserve for inventory obsolescence	20,000	10,000	--	--
Loss on sale of property and equipment	36,021	--	--	--
Changes in operating assets and liabilities:				
Increase in accounts receivable	(71,327)	(2,441,390)	(256,315)	(9,233)
(Increase) decrease in inventory	(85,993)	74,061	(123,525)	103,839
(Increase) decrease in prepaid expenses	(47,044)	63,932	(55,519)	(187,400)
Decrease in due from affiliates, net	69,324	61,731	(14,613)	(98,643)
Decrease in other assets	910	24,846	(49,462)	111
Increase in accounts payable	381,772	556,612	442,490	135,323
(Decrease) increase in other accrued expenses	(123,401)	959,286	(60,896)	(247,657)
Increase in income taxes payable	--	--	--	300,000
Increase (decrease) in deferred lease obligation	45,403	7,586	(11,971)	(7,348)
Net cash provided by operating activities	1,355,209	3,240,044	1,374,543	2,171,357
Cash flows from investing activities:				
Deferred program development costs	(969,870)	(1,543,128)	(712,935)	(2,154,083)
Capital expenditures	(457,915)	(420,475)	(47,679)	(361,416)
Acquisition of Comsell	(85,072)	(57,469)	--	--
Investment in affiliates	(28,007)	(38,268)	(34,593)	--
Net cash used in investing activities	(1,540,864)	(2,059,340)	(795,207)	(2,515,499)
Cash flows from financing activities:				
Borrowings (repayments) under line of credit	550,000	(570,000)	(240,000)	(80,000)
Principal payments under long-term debt	(521,474)	(742,204)	(379,390)	(212,152)
Payments under capital lease obligations	(23,682)	(28,388)	(14,195)	(14,387)

Proceeds from long-term debt	--	--	--	1,320,000
Issuance of common stock	46,981	431,025	18,464	15,400
Acquisition of treasury stock	--	(60,000)	(60,072)	--
Employee stock option note collection	92,257	102,650	56,250	54,000
Net cash provided by (used in) financing activities	144,082	(866,917)	(618,943)	1,082,861
Net (decrease) increase in cash	(41,573)	313,787	(39,607)	738,719

Cash at beginning of year	167,709	126,136	126,136	439,923
Cash at end of year	$126,136	$439,923	$ 86,529	$1,178,642

See accompanying notes.

</TABLE>

INDUSTRIAL TRAINING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Information at June 30, 1995 and for the six months ended June 30, 1994 and 1995 is unaudited)

1) Summary of Significant Accounting Policies

a) Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, CI Acquisition Corporation ("CI") (see Note 13). Significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying interim unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the Company, all adjustments, consisting of only normally recurring adjustments, necessary for a fair presentation of the financial statements for these interim periods have been made. The results for the interim period ended June 30, 1995, are not necessarily indicative of the results to be obtained for a full fiscal year.

b) Revenues and Cost

Revenues from courseware include both off-the-shelf and custom courseware sales and consulting service revenues. The Company recognizes revenues on off-the-shelf product and hardware sales as units are shipped. The

Company permits the customer the right to return the courseware within 30 days of purchase. In the event that sales returns are material, the Company adjusts revenue accordingly. Revenues from sales of custom training programs that are developed and produced under specific contracts with customers, including contracts with affiliated joint ventures and limited partnerships, are recognized on the percentage of completion basis as related costs are incurred during the production period. Gross revenues from sales of affiliated joint venture and limited partnership copyrighted courseware are included in the Company's financial statements, as are related production, selling and distribution costs. Amounts due to co-owners of the affiliated venture/partnerships related to such courseware sales are reflected as royalties and included in cost of sales in the financial statements.

The Company recognizes revenues from initial franchise fees when franchise agreements have been fully executed, the Company has substantially fulfilled all of its obligations to the franchisee under the agreement, and the non-refundable franchise fee has been paid. During 1993 and 1994, the Company recognized $90,000 and $450,000 of revenue from initial franchise fees. Additionally, during the six months periods ended June 30, 1994 and 1995, the Company recognized $40,000 and $190,000, respectively, of revenues from initial franchise fees. Such amount has

been included in courseware revenues in the accompanying consolidated statements of operations.

Although the Company conducts certain of its business in foreign markets, the Company mitigates its exposure to foreign currency risk by requiring payments in U.S. dollars.

c) Deferred Program Development Costs

Costs of developing and producing off-the-shelf courseware have been capitalized as deferred program development costs. Capitalized costs include direct labor, materials, product masters, subcontractors, consultants, and applicable overhead. These capitalized costs are amortized on a straight-line basis over the estimated useful lives of the related programs which range from 3 to 7 years. The net book value of the Company's deferred program development costs at December 31, 1994 amount to $1,881,000, $904,000, $210,000, and $1,363,000 for the Activ(REGISTERED TRADEMARK) "PC Skills Learning Library," the Activ(REGISTERED TRADEMARK) "Regulatory Training Learning Library," the Activ(REGISTERED TRADEMARK) "Basic Skills Learning Library" and the Activ(REGISTERED TRADEMARK) "Technical Skills Learning Library," respectively. The net book value of the Company's deferred program development costs at June 30, 1995 amount to $1,741,000, $1,092,000, $192,000, $1,294,000 and $1,294,000 for the Activ(REGISTERED TRADEMARK) "PC Skills Learning Library," the Activ(REGISTERED TRADEMARK) "Regulatory Training Learning Library," the Activ(REGISTERED TRADEMARK) "Basic Skills Learning Library," the Activ(REGISTERED TRADEMARK) "Technical Skills Learning Library," and the Activ(REGISTERED TRADEMARK) "Instrumentation Learning Library," respectively. Periodically, the Company assesses the net realizable value of program development costs by reviewing past sales performances, current and planned future marketing activity, specific sales promotions and strategic distribution arrangements. Based on this assessment, the Company determines each product's prospects for future sales, and, if necessary, adjusts asset values to net realizable value. The related amortization expense and write downs to net realizable value are included in the cost of sales and amounts to approximately $617,000 and $1,325,000 in 1993 and 1994, respectively, and $894,000 for the six months ended June 30, 1995.

d) Cash and Cash Equivalents

Cash and cash equivalents includes cash and other highly liquid investments having original maturities of less than three months.

e) Inventories

Inventories consist of videodiscs, videotapes, related hardware and instructional materials. Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

f) Property and Equipment

Property, equipment and leasehold improvements are stated at cost. Depreciation on property and equipment is computed on a straight-line basis over estimated useful lives of five to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful lives of the related assets. Depreciation and amortization expense amounted to approximately $305,000 and $366,000 for the years ended 1993 and 1994, respectively.

g) Investments in Affiliates

Investments in affiliated joint ventures and limited partnerships are accounted for using the equity method, and, accordingly the initial cost of the investments are adjusted for the Company's proportionate share of joint venture and partnership undistributed earnings or losses.

h) Income Taxes

The Company provides for income taxes using the liability method in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred income taxes result primarily from differences between financial statement and income tax treatment of program development costs and net operating loss carryforwards.

i) Net Income Per Common Share

Income per common share is based on the weighted average number of common shares actually outstanding plus the shares that would be outstanding assuming the exercise of dilutive stock options and warrants, all of which are considered to be common stock equivalents.

j) Goodwill

The excess of purchase price over the fair value of net assets acquired related to the acquisition of CI (note 2) has been recorded as goodwill. Goodwill is being amortized using the straight-line method over an estimated useful life of fifteen years. Amortization expense for the years ended 1993 and 1994 amounted to approximately $40,000 and $166,000, respectively. During 1994, the Company adjusted goodwill to reflect adjustments to the value of net assets acquired from CI and to reflect utilization of acquired tax benefits of CI (see Note 9). The net effect of these two adjustments was to decrease the amount of goodwill originally recorded by approximately $27,000. As part of its ongoing review, management takes into consideration any events and circumstances which might indicate an impairment to the carrying amount of goodwill. Factors that management uses, among other things, to evaluate the continuing value of goodwill include sales from the PC Skills product line, development of

the ComSkill franchise network and the value of contracts and agreements that were in place at the date CI was acquired.

k) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

2) Acquisition of CI Acquisition Corporation and Subsidiaries

On October 8, 1993, Comaq Corporation ("Comaq"), a then newly formed and wholly owned subsidiary of the Company, merged with CI. By virtue of the merger, all of the issued and outstanding capital stock of CI was converted into and exchanged for an aggregate of 610,000 shares of the Company's common stock, $.10 par value per share. The Company issued an additional 10,000 shares of its common stock for fees related to the acquisition. Additionally, the Company borrowed $971,000 from a bank ($900,000 of which is in the form of a new five-year term loan) in order to refinance an obligation of the acquired company.

The transaction, which was valued at approximately $3,500,000 and was effective as of September 30, 1993, was accounted for as a purchase transaction. Accordingly, only 3 months results of operations were included in the accompanying consolidated statement of earnings for 1993. As a result of the transaction, the Company recorded goodwill of approximately $2,418,000 which is being amortized over a fifteen year period beginning October 1, 1993. By virtue of the merger, the Company acquired all of the assets of CI and its two wholly owned subsidiaries, Comsell Training, Inc. ("Comsell"), and ComSkill Learning Centers, Inc. ("ComSkill"). Comsell is engaged in the business of producing and distributing multimedia based training courseware directed towards personal computer skills development. ComSkill is a newly incorporated franchisor of Comsell training products (see Note 13).

The following table sets forth proforma unaudited results of operations of the Company for the year ending December 31, 1993, as if CI had been acquired prior to January 1, 1993:

	1993
Revenue	$ 17,986,715
Net income loss	
Net loss per share	$ (394,888)
	$ (.20)

3) Accounts Receivable

<TABLE>
<CAPTION>
Accounts receivable include the following:

<S>	<C> December 31, 1993	<C> December 31, 1994	<C> June 30, 1995
Trade accounts receivable	$4,289,610	$7,245,294	$7,453,370
Unbilled contract receivables	749,199	242,279	82,008
Less allowance for doubtful accounts	(202,714)	(280,714)	(325,714)
Trade accounts receivable, net	4,836,095	7,206,859	7,209,664
Other receivables	93,992	86,618	48,046
	$4,930,087	$7,293,477	$7,257,710

</TABLE>

4) Investments in and Due from Affiliates

Investments in affiliates consist of the following at December 31:

	1993	1994

Limited partnerships	$ 192,392	$ 189,656
Joint venture with ITSC	67,477	56,231
Joint ventures with DynCorp	9,311	--
	$ 269,180	$ 245,887

The Company is a participant in five separate limited partnerships with Industrial Training Partners, Ltd. (the ITP Partnerships). In all of the ITP Partnerships, the Company is a 5% general partner. In certain of the ITP Partnerships, the Company has acquired limited partnership interests as well. The ITP Partnerships were formed to develop and produce various series of training programs.

Under contracts to market the programs for the ITP Partnerships, ITC receives 50% to 70% of the sales price for the costs of reproducing and marketing the training materials. Sales of these programs were approximately $2,289,000 and $2,291,000 in 1993 and 1994, respectively, and $1,112,000 for the six months ended June 30, 1995. Royalties to the ITP Partnerships for these sales amounted to $1,057,000 and $1,004,000 in

1993 and 1994, respectively, and $455,000 for the six months ended June 30, 1995. Additionally, in connection with the development of a new off-the-shelf partnership program, the Company billed certain of these partnerships approximately $292,000 and $51,000 in 1993 and 1994, respectively. Amounts earned, but not billed to these partnerships, which are included in unbilled receivables at December 31, 1993 and 1994, are $226,000 and none, respectively. Moreover, to finance this development the Company has guaranteed a bank loan to one of the limited partnerships. At December 31, 1994 the outstanding balance of this loan was approximately $48,000. During the first quarter of 1995, the outstanding balance on this loan was paid by the partnership.

In prior years, the Company executed two 50-50 joint venture agreements with DynCorp, and entered into contracts with the joint ventures to develop and produce additional training programs. The Company has contracts with the joint ventures to market the programs for them. Pursuant to the agreements, the Company receives 50% of the sales price, the costs of reproducing and marketing the training materials, and an additional 25% as its share of the joint ventures' profits. Revenues from these programs in 1993 and 1994 approximated $124,000 and $162,000, respectively.

5) Leases

The Company has several noncancelable operating leases, primarily for office space and transportation equipment, that expire over the next five years and include purchase or renewal options at fair value at the time of renewal.

Future minimum lease payments under noncancelable operating leases as of December 31, 1994 are as follows:

Year ending December 31:	
1995	$ 509,000
1996	356,000
1997	316,000
1998	318,000
1999	162,000
	$1,661,000

Rental expenses for operating leases for the years ended December 31, 1993 and 1994 were approximately $432,000 and $489,000, respectively.

6) Line of Credit

At December 31, 1994 and June 30, 1995, the Company had available a revolving bank line of credit bearing interest at prime plus 1/2% in the amount of $2,000,000 and $2,500,000, respectively. The line is

collateralized by all the Company's business assets. The interest rate on these borrowings at December 31, 1994 was 9%. At June 30, 1995, the Company had no outstanding balance under the terms of the line of credit.

The loan agreement places certain restrictions on the Company including limitations on borrowings and on the ability to merge or dispose of assets, and requires the maintenance of minimum working capital and tangible net worth ratios. Also, the Company is required to maintain an average compensating balance of $50,000 with the bank, but may apply balances of the five limited partnerships (see Note 4) to the requirement.

7) Long-term Debt

<TABLE>
<CAPTION>

Long-term debt consists of the following at December 31:	1993	1994
Prime plus 1% (9.5% at December 31, 1994) note payable to financial institution due in monthly installments of $15,000 plus interest through November 1998; collateralized by accounts receivable, contract rights, inventory, property and equipment and a $500,000 life insurance policy on the Company's President.	$ 900,000	$ 705,000
8.0% note payable to financial institution due in monthly principal and interest installments of $11,278 through December 1997, collateralized by the assignment of interest in 200,000 shares of the Company's common stock held by the ESOP, all of the Company's assets and a $500,000 life insurance policy on the Company's President.	460,827	358,177
8.25% capital lease obligation (Note 5)	66,674	38,286
Prime plus 1% note payable to financial institution due in monthly principal and interest installments through December 1994.	300,000	--
10.56% note payable to financial institution due in monthly principal and interest installments of $12,816 through December 1994.	144,554	--
Total long-term debt	1,872,055	1,101,463
Less current installments	(770,593)	(328,637)
Long-term debt, excluding current installments	$ 1,101,462	$ 772,826

</TABLE>

Interest paid on all debt amounted to approximately $133,000 and $191,000 in 1993 and 1994, respectively.

Maturities of long-term debt at December 31, 1994, are as follows:

1996	$ 299,587
1997	308,239
1998	165,000
	$ 772,826

8) Stock Options and Stock Warrants

At December 31, 1994, the Company had outstanding options to purchase common stock under three separate qualified incentive stock option plans. Two plans, the 1992 Director Incentive Stock Option Plan and the 1992 Key Employee Incentive Stock Option Plan, were adopted by the Board of Directors and approved by the shareholders during 1992. These plans have effectively replaced the Company's 1982 Incentive Stock Option Plan which expired in 1992.

Pursuant to the 1982 Incentive Stock Option Plan, at December 31, 1994, there are 78,000 options outstanding at exercise prices ranging from $2.00 to $3.16. This plan has no additional options available for grant. Options exercisable at December 31, 1994 expire as follows: 54,000 in 1995 and 24,000 in 1996.

Pursuant to the 1992 Key Employee Incentive Stock Option Plan at December 31, 1994, there are 98,500 options outstanding at exercise prices ranging from $4.13 to $6.75, and 16,500 options are available for additional grants. Options outstanding at December 31, 1994 expire as follows: 500 in 1995, 3,000 in 1996 and 95,000 in 1997 through 2002. Options for 25,500 shares are exercisable at December 31, 1994.

Pursuant to the 1992 Director Incentive Stock Option Plan, at December 31, 1994, there are 4,000 options outstanding at an exercise price of $5.00, and 31,000 options are available for additional grants. Options exercisable at December 31, 1993 expire in 1999. All options granted pursuant to this plan are nonqualified.

From time to time, the Company has granted other nonqualified options to certain individuals. At December 31, 1994, there are 45,000 of these options outstanding at exercise prices ranging from $2.125 to $7.50. Options outstanding at December 31, 1994 expire as follows: 9,000 in 1995 and 6,000 in 1996, and 30,000 in 1999 through 2001. Options for 15,000 shares are exercisable at December 31, 1994.

The following table summarizes option activity:
<TABLE>
<CAPTION>

	Nonqualified Options		Qualified Options	
	1993	1994	1993	1994
<S>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	36,400	29,400	114,200	152,500
Granted	--	30,000	55,500	30,000
Canceled or expired	(2,000)	(10,400)	(2,000)	(300)
Exercised	(5,000)	--	(15,200)	(5,700)
Outstanding at end of year	29,400	49,000	152,500	176,500

</TABLE>

The Company also has outstanding 14,572 warrants to purchase common stock. These warrants are exercisable at $3.50 and expire in 1998.

9) Income Taxes

The components of income tax expense are as follows:
<TABLE>
<CAPTION>

December 31, 1993	December 31, 1994

<S>	<C>	<C>
Current:		
Federal	$ --	$ 30,000
State	--	10,000
	--	40,000
Deferred:		
Federal	12,000	659,300
State	3,000	105,700
	15,000	765,000
	$ 15,000	$ 805,000

</TABLE>

The deferred tax provision relates primarily to differences between financial statement and income tax treatment of program development cost and net operating loss carryforwards. The Company paid federal and state income taxes of $23,000 and $8,000 in 1993 and 1994, respectively, and $142,000 during the six months ended June 30, 1995.

The difference between income tax expense and the amount determined by applying the federal statutory rate is as follows:

	1993	1994
Federal statutory rate	$ 12,000	$ 668,000
State income taxes, net of federal benefit	1,000	75,500
Amortization of goodwill	15,000	62,000
Benefit of graduated tax rates	(12,000)	(12,000)
Other	(1,000)	11,500
	$ 15,000	$ 805,000

For the years ended December 31, 1993 and 1994, the Company utilized zero and $1,550,000, respectively, of available net operating loss carryforwards. At December 31, 1994, the Company had net operating loss carryforwards for income tax purposes of approximately $100,000 (not including the prior net operating losses acquired from Comsell, which are discussed below) which expire at varying dates through 2008. No valuation allowance has been recognized to offset the deferred tax assets related to these carryforwards.

The following temporary differences give rise to the provision for deferred taxes at December 31:

<TABLE>
<CAPTION>

<S>	1993 <C>	1994 <C>
Deferred program development costs	$ 70,000	$ 74,500
Depreciation	10,400	16,000
Allowance for doubtful accounts	(12,100)	(29,000)
Inventory reserves	(6,800)	(9,000)
Net operating loss and tax credits carryforwards	(73,200)	630,500
Accrued compensation	30,400	67,500
Other	(3,700)	14,500
	$ 15,000	$ 765,000

</TABLE>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, are presented below.
<TABLE>
<CAPTION>

	1993	1994
<S>	<C>	<C>
Deferred tax assets:		
Allowance for doubtful accounts	$ 75,500	$ 104,500
Inventory reserves	50,500	41,500
Accrued compensation	95,600	31,500
Net operating loss carryforwards	1,223,500	563,000
Alternative minimum tax and investment tax credit carryforwards	35,000	65,000
Deferred lease obligation	41,500	44,500
Difference in depreciation	84,150	68,000
Other	--	16,478
Total deferred tax assets	1,605,750	934,478
Less valuation allowance	(577,864)	(505,000)
Net deferred tax assets	1,027,886	429,478
Deferred tax liabilities:		
Product development costs, capitalized	(1,491,384)	(1,566,000)
Total gross deferred tax liabilities	(1,491,384)	(1,566,000)
Net deferred tax liabilities	$ (463,498)	$ (1,136,522)

</TABLE>

As a result of the Company's acquisition of Comsell (see Note 2), the Company has available approximately $1,400,000 of additional net operating loss carryforwards that expire at varying dates through 2007. Pursuant to Section 382 of the Internal Revenue Code (the "Code"), the utilization of the net operating loss is limited to approximately $245,000 per year. Additionally, the net operating loss is also subject to the separate return limitation year (SRLY) rules as prescribed in the Code, which limit its utilization to the extent Comsell generates income each year. During 1994, the Company utilized an aggregate of $226,000 of the acquired net operating loss carryforwards of CI to offset taxable income. As a result, deferred taxes have been reduced by approximately $84,000. Due to the limitations on uses and other uncertainties relating to the utilization of the remaining tax benefit of these deductions, a valuation allowance has been recorded to substantially offset the net deferred tax asset related to the acquisition of Comsell.

10) Commitments

The Company has entered into separate employment agreements with Messrs. Walton and Kaiz which are subject to termination upon death (with $15,000 death benefit) or disability (as defined) or upon sixty days notice by the Company (with 34 months of severance pay except where the Company is liquidating). In addition to basic salary, each of these officers is eligible to receive salary increases, bonuses, stock option grants, pension and profit-sharing arrangements, and other employee benefits which may from time to time be awarded or made available. If these officers resign, they must give the Company 12 months notice during which they continue to receive salary. The contracts also provide certain payments for other benefits.

11) Stockholders' Equity

The Company instituted an Employee Stock Ownership Plan (ESOP) and Trust for the benefit of substantially all employees effective January 1, 1992. To establish the plan, ITC entered into a loan agreement with a bank and borrowed $637,500 for the purchase of 200,000 shares of ITC common stock from DynCorp. ITC pledged this stock to the bank to collateralize the loan. The provisions of the ESOP require that, on an annual basis, the greater of 33,334 shares or the amount of shares equal to five percent of total compensation of eligible employees be allocated to employee accounts. Each participant then receives shares based on their relative annual compensation. The loan has a six-year amortization period at an interest rate of 8.0%. In 1994, the Company entered into an agreement with the bank whereby the ESOP note was modified and extended. Based upon this modification, the Company will make monthly installments of principal and interest through the extension date of December 1997. The Company recognizes contribution expense which was $106,000 and $108,000 for 1993 and 1994, respectively, based on the cost of shares allocated for the period and any interest expense incurred. Contributions to the ESOP amounted to approximately $151,000 and $135,000 in 1993 and 1994, respectively, including approximately $45,000 and $32,000 of interest in 1993 and 1994, respectively. The fair market value of the 100,000 unearned shares at December 31, 1994 amounted to $750,000.

During 1994, the Company hired a new President of the ComSkill franchise operation. At the date of hire, this executive executed a subscription agreement to purchase 100,000 shares of the Company's common stock at $4.125 per share, the fair market value of the Company's common stock on the effective date of the subscription agreement. As a result, during 1994, the Company issued 100,000 shares of common stock to the executive for an aggregate purchase price of $412,500. Additionally, the President was granted 30,000 stock options under the 1992 Key Employee Stock Option Plan and received a commitment for up to an additional 60,000 stock options based on performance.

12) Employee 401(k) Plan

The Company established on January 1, 1991 a 401(k) Plan for the benefit of substantially all of its employees. Employees can contribute from 1% to 15% of their salary to the Plan subject to statutory limitations. At the discretion of the Board of Directors, the Company can elect to make a contribution to the Plan. No contribution was made by the Company during 1993 or 1994.

13) Subsequent Events

On January 2, 1995, CI and Comsell were merged with and liquidated into the Company. The merger and liquidation will have no effect on the Company's financial reporting.

On February 17, 1995, ITC purchased all rights, title and all other ownership interests in the 51 videodiscs in the INVOLVE(REGISTERED TRADEMARK) Series ("INVOLVE(REGISTERED TRADEMARK)"). INVOLVE(REGISTERED TRADEMARK) had originally been produced by ITC for the Instrument Society of America ("ISA") and ITC had acted as the exclusive third party distributor for INVOLVE(REGISTERED TRADEMARK) in the United States. The aggregate purchase price for this transaction was approximately $1,590,000. The purchase price includes the forgiveness of a receivable from ISA of approximately $90,000 and approximately $180,000 of INVOLVE(REGISTERED TRADEMARK) inventory. In order to complete the purchase, ITC borrowed $1,000,000 under its available line of credit and paid the balance of $500,000 in cash. Management refinanced the line of credit borrowings to a five-year term loan.

14) Quarterly Financial Data (Unaudited)

Financial data for the interim periods of 1993, 1994 and 1995 were as follows (amounts in thousands except per-share amounts):
<TABLE>
<CAPTION>

<S>	Net Revenue <C>	Gross Margin <C>	Net Income (Loss) <C>	Income (Loss) Per Share <C>
1993 Quarters				
First	$ 2,734	$ 1,226	$ 45	$ .03
Second	2,498	1,145	(32)	(.02)
Third	3,335	1,211	21	.01
Fourth	5,245	2,015	(13)	(.01)
Total	$ 13,812	$ 5,597	$ 21	$ .01

	Net Revenue	Gross Margin	Net Income (Loss)	Income (Loss) Per Share
1994 Quarters				
First	$ 4,168	$ 1,759	$ 111	$ .05
Second	5,266	2,090	290	.12
Third	5,497	2,009	262	.11
Fourth	7,406	2,850	497	.20
Total	$ 22,337	$ 8,708	$ 1,160	$ .48
1995 Quarters				
First	$ 4,970	$ 2,177	$ 265	$ .10
Second	6,286	2,626	461	.18
Total	$ 11,256	$ 4,803	$ 726	$ .28

</TABLE>

<TABLE>
<CAPTION>

<S> <C>

No dealer, salesperson or other individual has been authorized to give any information or to make any representations other than those contained or incorporated by reference in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, The Selling Shareholders or any of the Underwriters. This Prospectus does not constitute any offer to sell or a solicitation of an offer to buy such securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy the Common Stock in any circumstances in which such offer or solicitation is unlawful. Neither the delivery or this Prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the facts set forth in the Prospectus or in the affairs of the Company since the date hereof or that the information herein is correct as of any time subsequent to the date hereof.

1,050,000 Shares

Industrial Training Corporation

Common Stock

TABLE OF CONTENTS

PROSPECTUS

Ferris, Baker Watts,
Incorporated

__________, 1995

</TABLE>

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24. Indemnification of Directors and Officers.

The Company's Restated Bylaws provide that in the absence of fraud or bad faith the Company will indemnify its officers and directors to the full extent authorized by Maryland law, against all liability and expenses actually and reasonably incurred in connection with or resulting from any action, suit or proceeding in which such person may become involved as a party or otherwise by reason of having been an officer or director of the Company. Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers and controlling person of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the 1933 Act, and is therefore unenforceable.

Item 25. Other Expenses of Issuance and Distribution.

The following table sets forth the estimated expenses in connection with the offering contemplated by this Registration Statement:

SEC Registration Fee	$4,320
NASD Filing Fee	$1,753
NASDAQ, National Market System Fee	$17,500
Blue Sky Fees and Expenses	$10,000
Printing and Engraving Costs . . .	$50,000
Accounting Fees and Expenses . . .	$50,000
Legal Fees and Expenses	$75,000
Transfer Agent and Registrar's Fees	*
Underwriter's Expenses	$27,000
Miscellaneous	
Total	$235,573

* To be completed by Amendment

Item 26. Recent Sales of Unregistered Securities.

Not Applicable.

Item 27. Exhibits.

Exhibit No.	Description
1.1	Form of Underwriting Agreement.*
3.1	Amended Articles of Incorporation of Industrial Training Corporation ("ITC").
3.2	Restated Bylaws of ITC.
4.1	Specimen Certificate for ITC Common Stock.
5.1	Opinion on Legality.*
10.1	Agreement and Plan of Merger, each dated September 30, 1993, among ITC and CI Acquisition Corporation ("CI").(1)
10.2	Asset Purchase Agreement, Assignment, and Bill of Sale, each dated February 17, 1995, between ITC and the Instrument Society of America.
10.3	1992 Director Incentive Stock Option Plan.(2)
10.4	1992 Key Employee Incentive Stock Option Plan.(2)
10.5	Employee Stock Ownership Plan.(2)
21.1	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Kirkpatrick & Lockhart LLP.
24.1	Power of Attorney.
99.1	Maryland Business Combination Statute.*
99.2	Maryland Control Share Acquisition Statute.*

____

* To be filed by Amendment.

(1) This exhibit is incorporated herein by this reference to the corresponding exhibit in the Company's Form 8-K (Commission File No. 0-13741) filed with the Securities and Exchange Commission on October 21, 1993.

(2) This exhibit is incorporated herein by this reference to the corresponding exhibit in the Company's Form 10-KSB (Commission File No. 0-13741) filed with the Securities and Exchange Commission on March 19, 1992.

Item 28. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement to include any prospectus required by section 10(a)(3) of the Securities Act of 1933; reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement; and include any additional or changed material information on the plan of distribution;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment shall be deemed to be a new registration statement of the securities offered, and the offering of securities at that time shall be deemed to be the initial bona fide offering; and

(3) To file a post-effective amendment to remove from registration any of the securities being registered which remain unsold at the termination of the offering.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the registrant pursuant to Rule 424(b)(1), or (4), or 497(h) under the Securities Act of 1933 shall be deemed to be part of this Registration Statement as of the time the Commission declared it effective; and

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such

securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

INDUSTRIAL TRAINING CORPORATION
(Registrant)

BY /s/ James H. Walton DATE July 28, 1995
James H. Walton, Chairman of the Board
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James H. Walton and Philip J. Facchina, and each of them, his or her true and lawful attorney-in-fact and agent, for him or her, with full power of substitution and resubstitution, for him and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission and any other applicable regulatory authorities, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of Securities Act of 1933, this Registration Statement has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

BY /s/ James H. Walton DATE July 28, 1995

James H. Walton, Chairman of the Board
President and Chief Executive Officer

BY /s/ Gerald H. Kaiz DATE July 28, 1995

Gerald H. Kaiz, Vice Chairman of the Board,
Executive Vice President and Secretary

BY /s/ Steven L. Roden DATE July 28, 1995

Steven L. Roden, Executive Vice President
and Director

BY /s/ Philip J. Facchina DATE July 28, 1995

Philip J. Facchina, Vice President, Treasurer
and Chief Financial Officer

BY /s/ Christopher E. Mack DATE July 28, 1995

Christopher E. Mack, Controller

BY /s/ Thomas M. Balderston DATE July 28, 1995

Thomas M. Balderston, Director

BY /s/ Dan R. Bannister DATE July 28, 1995

Dan R. Bannister, Director

BY /s/ John D. Sanders DATE July 28, 1995

John D. Sanders, Director

BY /s/ Richard E. Thomas DATE July 28, 1995

Richard E. Thomas, Director

EXHIBIT INDEX

Exhibit No.	Description	Consecutively Numbered Page
1.1	Form of Underwriting Agreement.*	
3.1	Amended Articles of Incorporation of Industrial Training Corporation ("ITC").	
3.2	Restated Bylaws of ITC.	
4.1	Specimen Certificate for ITC Common Shares.	
5.1	Opinion on Legality.*	
10.1	Agreement and Plan of Merger, dated September 30, 1993, among ITC and CI Acquisition Corporation ("CI").(1)	
10.2	Asset Purchase Agreement, Assignment, and Bill of Sale, each dated February 17, 1995, between ITC and the Instrument Society of America.	
10.3	1992 Director Incentive Stock Option Plan.(2)	
10.4	1992 Key Employee Incentive Stock Option Plan.(2)	
10.5	Employee Stock Ownership Plan.(2)	
21.1	Subsidiaries of the Registrant.	
23.1	Consent of Ernst & Young LLP.	
23.2	Consent of Kirkpatrick & Lockhart LLP.	
24.1	Power of Attorney.	
99.1	Maryland Business Combination Statute.*	
99.2	Maryland Control Share Acquisition Statute.*	

---

* To be filed by Amendment.

(1) This exhibit is incorporated herein by this reference to the corresponding exhibit in the Company's Form 8-K (Commission File No. 0-13741) filed with the Securities and Exchange Commission on October 21, 1993.

(2) This exhibit is incorporated herein by this reference to the corresponding exhibit in the Company's Form 10-KSB (Commission File No. 0-13741) filed with the Securities and Exchange Commission on March 19, 1992.

ARTICLES OF INCORPORATION

FOR

INDUSTRIAL TRAINING CORPORATION

FIRST: The undersigned, William J. Schmidt, whose post office address is 13404 Bartlett Street, Rockville, Maryland 20853, being at least twenty-one years of age, does hereby form a corporation under the general laws of Maryland.

SECOND: The name of the corporation is INDUSTRIAL TRAINING CORPORATION.

THIRD: The purposes for which this corporation is formed are as follows:

To engage in the business of producing and marketing videotapes and other training programs for use by business enterprises and governmental agencies, and in related activities.

To hold, purchase, or otherwise acquire, sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock and bonds, debentures or other evidences of indebtedness created by any corporation or corporations, and while the holder thereof, exercise all the rights and privileges of ownership, including the right to vote thereon.

To buy, sell, exchange, lease and otherwise acquire, hold, own, maintain, control, work, develop, improve, alter, real estate, chattels and personal property of every class and description.

To borrow or raise monies for any of the purposes of the corporation, and to issue bonds, debentures, or other obligations of the corporation and, at the option of the corporation, to secure the ____________ mortgage, pledge, deed of trust or otherwise.

To acquire and undertake the good will, property rights, franchises, contracts and assets of every manner and kind and the liabilities of any person, fixed association or corporation, either wholly or in part, and pay for the same in cash, stock or bonds of the corporation, or otherwise.

In general, to carry on any other business in connection with the foregoing, and to have and exercise all the powers conferred by the laws of the State of Maryland and upon corporations formed under said laws, and to do any and all the things hereinbefore set forth to the same extent as natural persons might or could do.

It is intended that each of the objects, purposes and powers hereinabove set out shall be regarded as an independent object, purpose and power and, in addition to all the powers conferred by the laws of the State of Maryland, the corporation shall have the power to do any and all lawful acts and to carry on any other business which may be usual, necessary, incidental or convenient in connection with any business, objects and powers of the corporation as above expressed.

FOURTH: The post office address of the principal office of the corporation is 14406 Nadine Drive, Rockville, Maryland 20853. The name and address of the initial registered agent is William J. Schmidt, 13404 Bartlett Street, Rockville, Maryland 20853. Said registered agent is a citizen of this State and actually resides herein.

FIFTH: The total number of shares of stock which the corporation shall have the authority to issue is 300,000 shares of Common Stock, all of one (1) class, the par value of such shares to be ten cents ($.10) per share. The aggregate par value of all shares of stock is $30,000.

SIXTH: The number of directors of the corporation shall be four (4), which number may be increased or decreased pursuant to the By-Laws of the corporation, but shall never be less than three (3). The names of the directors who shall act until the first annual meeting or until their successors are duly chosen and qualify are Gerald Kaiz, William J. Schmidt, J. H. Walton and John Sanders.

SEVENTH: The following provisions are hereby adopted for the purpose of defining, limiting and regulating the powers of the corporation and of the directors and stockholders.

The shareholders of this corporation shall not have the preemptive right to acquire additional shares of the corporation's stock.

The Board of Directors of the corporation is empowered to authorize the issuance from time to time of shares of its stock of any class, whether now or hereafter authorized, or securities convertible into shares of its stock of any class or classes, whether now or hereafter authorized.

The Board of Directors of the corporation may classify or reclassify any unissued shares by fixing or altering in any one or more respects, from time to time before issuance of such shares, the preferences, rights, voting powers, restrictions and qualifications of, the dividends or the times and prices of redemption of, and the conversion rights of such shares.

This corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by statutes of the State of Maryland.

EIGHTH: The duration of the corporation shall be perpetual.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation on January 26, 1977, and I acknowledge the same to be my act.

/s/	/s/
Witness	Incorporator

INDUSTRIAL TRAINING CORPORATION

ARTICLES OF AMENDMENT

INDUSTRIAL TRAINING CORPORATION, a Maryland corporation, having its principal office in Montgomery County, Maryland (hereinafter called "the Corporation"), hereby certifies to the State Department of Assessments and Taxation that:

FIRST: The Charter of the Corporation is hereby amended by striking out Article FIFTH and inserting in lieu thereof the following:

"The total number of shares of stock which the corporation shall have the authority to issue is 4,000,000 shares of Common Stock, all of one (1) class, the par value of such shares to be ten cents ($.10) per share. The aggregate par value of all shares of stock is $400,000.00."

SECOND: The board of directors of the Corporation, at a meeting fully convened and held on November 16, 1983, adopted resolutions in which were set forth the foregoing amendments to the Charter, declaring that the said amendments of the Charter were advisable and directing that they be submitted for action thereon at a special meting of the stockholders of the Corporation to be held on December 14, 1983.

THIRD: Notice setting forth the said amendments of Charter and stating that a purpose of the meeting of the stockholders would be to take action thereon, was given as required by law, to all stockholders of the Corporation entitled to vote thereon; and like notice was given to all stockholders of the Corporation not entitled to vote thereon, whose contract rights as expressly set forth in the Charter would be altered by the amendments. The amendments of the Charter of the Corporation as hereinabove set forth were approved by the stockholders of the Corporation at said meeting by the affirmative vote of two-thirds (2/3) of all the votes entitled to be case thereon.

FOURTH: The amendments of the Charter of the Corporation as hereinabove set forth have been duly advised by the board of directors and approved by the stockholders of the Corporation.

FIFTH:

a. The total number of shares of all classes of stock of the Corporation heretofore authorized, and the number and par value of the shares of each class are as follows: 300,000 shares, all of one (1) class, with ten cent ($.10) par value.

b. The total number of shares of all classes of stock of the Corporation as increased, and the number and par value of the shares of each class, are as follows: 4,000,000 shares, all of one (1) class, with ten cent ($.10) par value.

c. The capital stock of the Corporation is not divided into classes.

IN WITNESS WHEREOF, INDUSTRIAL TRAINING CORPORATION has caused these presents to be signed in its name and on its behalf by its President and its corporate seal to be hereunto affixed and attested by its Secretary or Assistant Secretary on June 4, 1984, and its President acknowledges that these Articles of Amendment are the act and deed of

Industrial Training Corporation and, under the penalties of perjury, that the matters and facts set forth herein with respect to authorization and approval are true in all material respects to the best of his knowledge, information and belief.

ATTEST: INDUSTRIAL TRAINING CORPORATION

/s/ By: /s/

___________________________ ________________________________

Assistant Secretary President

INDUSTRIAL TRAINING CORPORATION

ARTICLES OF AMENDMENT

INDUSTRIAL TRAINING CORPORATION, a Maryland corporation, having its principal office in Montgomery County, Maryland (hereinafter called "the Corporation"), hereby certifies to the State Department of Assessments and Taxation that:

FIRST: The charter of the corporation is hereby amended by deleting Articles SIXTH and SEVENTH and inserting the following in lieu thereof:

"SIXTH: (1) The number of directors shall not be less than three nor more than seven, the exact number of directors to be determined from time to time by resolution adopted by a majority of the entire Board, and such exact number shall be five until otherwise determined by resolution adopted by a majority of the entire Board. As used in this Article SIXTH, "entire Board" means the total number of directors which the Corporation would have if there were no vacancies. In the event that the Board is increased by such a resolution, the vacancy or vacancies so resulting shall, unless otherwise required by law, be filled by a vote of the majority of the directors then in office. No decrease in the Board shall shorten the term of any incumbent directors. Unless otherwise required by law, only the Board of Directors shall have the power to fix, increase or decrease the number of directors or fill any vacancies in the Board which may exist.

(2) The Board of Directors shall be divided into three classes as nearly equal in number as may be, with the term of office of Class I expiring at the annual meeting of shareholders in 1985, of Class II expiring at the annual meeting of shareholders in 1986, and of Class III expiring at the annual meeting of shareholders in 1987. The following preset directors are hereby designated initial members of the classes as indicated below:

Class I	Class II	Class III
James H. Walton	John D. Sanders	George DeVaux
Gerald H. Kaiz	Richard E. Thomas	

(3) At each annual meeting of shareholders, directors chosen to succeed those whose terms then expire shall be elected for a term of office expiring at the third succeeding annual meeting of shareholders after their election. When the number of directors is increased by the Board and any newly created directorships are filled by the Board, there shall be no classification of the additional directors

until the next annual meeting of shareholders. Directors elected to fill a vacancy, subject to the foregoing, shall hold office for a term expiring at the annual meeting at which the term of the class to which they shall have been elected expires.

"SEVENTH: The following provisions are here by adopted for the purpose of defining, limiting and regulating the powers of this Corporation and of its directors and stockholders:

"A. The shareholders of this Corporation shall not have the preemptive right to acquire additional shares of the Corporation's stock."

"B. Any or all of the directors may be removed by the shareholders only for cause and only by the affirmative vote of seventy percent (70%) of all the shares entitled to be voted in the election of directors (considered for this purpose as one class). For the purposes hereof, and except as may otherwise be provided by law, 'cause' shall mean conviction for a felony, or an adjudication by a court of competent jurisdiction of negligence by the director in the performance of his duty to the Corporation in a matter of substantial importance to the Corporation, and such conviction or adjudication is no longer subject to direct appeal.

"C. (1) Except as set forth in Section (4) of this Article SEVENTH C:

(a) any merger or consolidation of the Corporation or any of its 'affiliates' with another corporation or the merger of any other corporation into the Corporation or any of its 'affiliates';

(b) any sale, lease, exchange or other disposition of all or any 'substantial part' of the assets of the Corporation or any of its 'affiliates' to or with any other corporation, person or other entity; or

(c) any sale, lease, exchange or other disposition to the Corporation or any of its 'affiliates' of any assets, cash, or securities of any other corporation, person or entity in exchange for securities of the Corporation or any of its 'affiliates', shall require the affirmative vote or consent of the holders of shares representing

(i) at least seventh percent (70%) of the votes of all classes of stock of the Corporation entitled to vote in the election of directors, considered for the purposes of this Article as one class, and

(ii) at least a majority of the votes of all such classes of stock of the Corporation, considered for the purposes of this Article as one class, which are not 'beneficially owned,' directly or indirectly, by such other corporation, person or other entity, if, as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon or consent thereto, such other corporation, person or other entity is the 'beneficial owner', directly or indirectly, of shares possessing more than ten percent (10%) of the votes of the outstanding shares of stock of the Corporation entitled to vote in the election of directors, considered for the purposes of this Article SEVENTH C., as one class. Such affirmative vote or consent shall be in lieu of any lesser vote or consent of the holders of the stock of the Corporation

otherwise required by law or any agreement or contract to which the Corporation is a party, and shall be in addition to any class vote to which any class of stock may be entitled,

(2) For the purposes of this Article SEVENTH C., and without limiting the definition of 'beneficial owner' or 'beneficially own', any corporation, person or other entity shall be deemed to be the 'beneficial owner' of or to 'beneficially own' any share of stock of the Corporation (a) which it has the right to acquire either immediately or at some future date pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, or (b) which is 'beneficially owned,' directly or indirectly (including shares deemed owned through application of the foregoing clause (a) of this Section (2), by any other corporation, person or other entity either with which it is or its 'affiliates' or 'associates' has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of stock of the Corporation, or which is its 'affiliate' or 'associate' as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect from time to time or any successor provision. Also, for purposes of this Article SEVENTH C., the 'outstanding' shares of any class of stock of the Corporation shall include shares deemed owned through application of the foregoing clauses (a) and (b) of this Section (2), but shall not include any other shares which may be issuable either immediately or at some future date pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise.

(3) The Board of Directors of the Corporation shall have the power and duty to determine for the purposes of this Article SEVENTH C., on the basis of information known to the Corporation, whether (a) any

corporation, person or other entity 'beneficially owns,' directly or indirectly, more than ten percent (10%) of the shares of stock of the Corporation entitled to vote in the election of directors, (b) any corporation, person or other entity is an 'affiliate' or 'associate' of another, (c) any proposed sale, lease, exchange or other disposition of part of the assets of the Corporation or any of its 'affiliates' involves a 'substantial part' of the assets of the Corporation or such 'affiliate', and (d) the issuance of shares by the Corporation to a wholly-owned subsidiary is pat of a plan to transfer such shares to another corporation, person or other entity which is the 'beneficial owner' of more than ten percent (10%) of the outstanding voting shares of the Corporation, as referred to in Section (4) hereof. Any such determination made in good faith shall be conclusive and binding for all purposes of this Article SEVENTH C.

(4) (a) The provisions of this Article SEVENTH C., shall not apply to any transaction described in clauses (a), (b) or (c) of Section (1) hereof if (i) the Board of Directors of the Corporation shall have approved any transaction described in Section (1) hereof prior to the time that such other corporation, person or other entity shall become a 'beneficial owner,' directly or indirectly, of shares possessing more than ten percent (10%) of the votes of all the outstanding shares of stock of

the Corporation entitled to vote in the election of directors, or (ii) all of the outstanding shares of all classes of stock of such other corporation, whether or not entitled to vote in the election of directors, are owned of record or beneficially, directly or indirectly, by the Corporation and the Certificate of Incorporation of the Corporation is not amended in connection with such transaction (or, in the events of a consolidation or a merger in which the Corporation is not the survivor, the certificate of incorporation of the consolidated or surviving corporation contains provisions substantially similar to those in this Article SEVENTH); provided, however, that nothing in this clause (ii) shall permit the Corporation to issue any of its shares of stock entitled to vote in the election of directors to a wholly-owned subsidiary if such issuance is pat of a plan to transfer such shares to another corporation, person or other entity which is the 'beneficial owner,' directly or indirectly, of more than ten percent (10%) of the outstanding shares of the stock of the Corporation, entitled to vote in the election of directors.

(b) The provisions of this Article SEVENTH C., shall not apply to any transaction described in clauses (a), (b) or (c) of Section (1) hereof if the other corporation, person or entity, after acquiring

40 percent or more of the issued and outstanding capital stock of the Corporation, extended an offer for a period of thirty days after such acquisition, to purchase all of the remaining issued and outstanding capital stock of the Corporation, at a per share price not less than the average price paid per share for the most expensive quartile of the capital stock of the Corporation (the "Comparable Stock") acquired by such other corporation, person or entity, and upon purchase terms no less favorable to the remaining stockholders of the Corporation than was given by such corporation, person or entity to the previous holders of the Comparable Stock.

(5) In the event any transaction referred to in Section (1) of this Article SEVENTH C., which required the vote of the holders of stock of the Corporation provided for therein is approved by the stockholders in accordance with the provisions thereof, such transaction shall not be consummated unless each of the Corporation's stockholders, who indicate by written notice to the Corporation prior to the consummation of such transaction their opposition thereto, shall receive incident to the consummation of any such transaction, if they so elect, a price for their shares of stock of the Corporation which shall not be less than the highest price previously paid at any time by such other corporation, person or other entity referred to in Section (1) for any of its shares of the Corporation's stock of that class. Such price shall be paid in cash at the time of consummation of the subject transaction to each of the Corporation's stockholders who oppose the subject transaction as referred to hereinbefore for any or all of their shares of Common Stock of the Corporation which they may tender for purchase.

(6) In deciding whether any proposed transaction described in Section (1) of this Article SEVENTH C., should be recommended for approval to the stockholders of the Corporation, the Board of Directors shall consider all relevant factors including, but not limited

to, the potential social and economic effects of the transaction on the Corporation's employees, customers, suppliers and the community within which the Corporation operates.

"D. (1) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting for which prior notice in accordance with the bylaws has been given, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

(2) Except as otherwise required by law, special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution approved by a majority of the entire Board.

"E. Notwithstanding anything to the contrary contained in the Articles of Incorporation or bylaws of the Corporation, Articles SIXTH and SEVENTH of the Articles of Incorporation may not be amended, altered or repealed, and no provision in the Articles of Incorporation or bylaws inconsistent with Articles SIXTH and SEVENTH may be adopted, except by the same affirmative vote of the holders of shares required in Article SEVENTH C.1, to approve any transaction described in such Article."

SECOND: The board of directors of the Corporation, at a meeting duly convened and held on March 3, 1985, adopted resolutions in which were set forth the foregoing amendments to the Charter, declaring that the said amendments of the Charter were advisable and directing that they be submitted for action thereon at a special meeting of the stockholders of the Corporation to be held on March 15, 1985.

THIRD: Notice setting forth the said amendments of Charter and stating that a purpose of the meeting of the stockholders would be to take action thereon, was given as required by law, to all stockholders of the Corporation entitled to vote thereon; and like notice was given to all stockholders of the Corporation not entitled to vote thereon, whose contract rights as expressly set forth in the Charter would be altered by the amendments. The amendments of the Charter of the Corporation as hereinabove set forth were approved by the stockholders of the Corporation at said meeting by the affirmative vote of two-thirds (2/3) of all the votes entitled to be cast thereon.

FOURTH: The amendments of the Charter of the Corporation as hereinabove set forth have been duly advised by the board of directors and approved by the stockholders of the Corporation.

IN WITNESS WHEREOF, INDUSTRIAL TRAINING CORPORATION has caused there presents to be signed in its name and on its behalf by its President and its corporate seal to be hereunto affixed and attested by its Secretary or Assistant Secretary on April 19, 1985, and its President acknowledges that these Articles of Amendment are the act and deed of

Industrial Training Corporation and, under the penalties of perjury, that the matters and facts set forth herein with respect to authorization and approval are true in all material respects to the best of his knowledge, information and belief.

ATTEST: INDUSTRIAL TRAINING CORPORATION

/s/ By: /s/

______________________________ ____________________________

Gerald H. Kaiz, Secretary J. H. Walton, President

RESTATED

BY-LAWS

OF

INDUSTRIAL TRAINING CORPORATION

ARTICLE I OFFICES

The principal office of the corporation shall be located in the State of Maryland. The Corporation may have such offices either within or without the State of incorporation, as the Board of Directors may designate or as the business of the corporation may from time to time require.

ARTICLE II STOCKHOLDERS

1. ANNUAL MEETING.

The annual meeting of the stockholders shall be held on or before the 15th day of June in each year, beginning with the year 1978 at 10:00 a.m., for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday such meeting shall be held on the next succeeding business day.

2. SPECIAL MEETINGS.

Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called only as provided in the Articles of Incorporation.

3. PLACE OF MEETING.

The directors may designate any place, either within or without the State unless otherwise prescribed by statute, as the place of meeting for any annual meeting or for any special meeting called by the Directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation.

4. NOTICE OF MEETING.

Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the stockholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

5. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE.

For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or stockholders entitled to receive payment of any dividend, or in order to make a determination of stockholders for any other proper purpose, the directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the stock transfer books shall be closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the directors may fix in advance a date as the record date for any such determination of stockholders, such date in any case to be not more than fifty (50) days and, in case of a meeting of stockholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of stockholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the directors declaring such dividend is adopted, as the case may be shall be the record date for such determination of stockholders. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

6. VOTING LISTS.

The officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten (10) days before each meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order with the address of and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the corporation and shall be subject to the inspection of any stockholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to who are the stockholders entitled to examine such list or transfer books or to vote at the meeting of stockholders.

7. QUORUM.

At any meeting of stockholders a majority of the outstanding shares of the corporation entitled to vote, represented in

person or by proxy, shall constitute a quorum at a meeting of stockholders. If less than said number of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The stockholders present at a duly organized meeting continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

8. PROXIES.

At all meetings of stockholders a stockholder may vote by proxy executed in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting.

9. VOTING.

Each stockholder entitled to vote in accordance with the terms and provisions of the certificate of incorporation and these by-laws shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholders. Upon the demand of any stockholder, the vote for directors and upon any question before the meeting shall be by ballot. All elections for directors shall be decided by plurality vote; all other questions shall be decided by majority vote except as otherwise provided by the Certificate of Incorporation or the laws of this state.

10. ORDER OF BUSINESS.

The order of business at all meetings of the stockholders, shall be as follows:

1. Roll Call.

2. Proof of notice of meeting or waiver of notice.

3. Reading of minutes of preceding meeting.

4. Reports of Officers.

5. Reports of Committees.

6. Election of Directors.

7. Unfinished Business.

8. New Business.

ARTICLE III BOARD OF DIRECTORS

1. GENERAL POWERS.

The business and affairs of the corporation shall be managed by its board of directors. The directors shall in all cases act as a board, and they may adopt such rules and regulations for the conduct of their meetings and the management of the corporation, as they may deem proper, not inconsistent with these by-laws and the laws of this state.

2. NUMBER, TENURE AND QUALIFICATIONS.

The number of directors of the corporation and the terms of office of the directors shall be as provided in the Articles of Incorporation.

3. REGULAR MEETINGS.

A regular meeting of the directors, shall be held without other notice than this by-law immediately after, and at the same place as, the annual meeting of stockholders. The directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

4. SPECIAL MEETINGS.

Special meetings of the directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the directors may fix the place for holding any special meeting of the directors called by them.

5. NOTICE.

Notice of any special meeting shall be given at least 5 days previously thereto by written notice delivered personally, or by telegram or mailed to each director at his business address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

6. QUORUM.

At any meeting of the directors a majority shall constitute a quorum for the transaction of business, but if less then said number is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

7. MANNER OF ACTING.

Except as otherwise provided in the Articles of Incorporation or these by-laws, the act of the majority of the directors present at a meeting at which quorum is present shall be the act of the directors.

8. INFORMAL ACTION BY DIRECTORS.

Unless otherwise provided by law, any action required to be taken at a meeting of the directors, or any other action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

9. NEWLY CREATED DIRECTORSHIPS AND VACANCIES.

Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the Board for any reason shall be filled only as provided in the Articles of Incorporation.

10. REMOVAL OF DIRECTORS.

Any or all of the directors may be removed only as provided in the Articles of Incorporation.

11. RESIGNATION.

A director may resign at any time by giving written notice to the board, the president or the secretary of the corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

12. COMPENSATION.

Compensation shall be paid to outside directors for their services in the amount of $500 per quarter and $200 per additional meeting beyond one per quarter.

13. PRESUMPTION OF ASSENT.

A director of the corporation who is present at a meeting of the directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

14. EXECUTIVE AND OTHER COMMITTEES.

The board, by resolution, may designate from among its members an executive committee and other committees, each consisting of three or more directors. Each such committee shall serve at the pleasure of the board.

15. INTERESTED DIRECTORS.

Actions of the Board shall not be invalidated or otherwise affected by the fact that one or more of its members have a personal interest, beyond their role as directors of this corporation, in the particular action being voted upon, provided said interested directors disclose to the board their interests in the transaction. Interested directors shall be counted in determining whether a quorum exists at directors' meetings, may vote with the same effect as disinterested directors (subject to their having made the disclosures provided for herein), and shall be relieved from any liability that might otherwise arise by reason of their contracting with this corporation for the benefit of themselves or any firm or other corporation in which they are interested.

16. INDEMNIFICATION.

In the absence of fraud or bad faith, the corporation shall indemnify its officers and directors, and every former officer and director, to the full extent authorized or permitted by the laws of the state of incorporation, against all liability and expenses (including, but not limited to, attorneys' fees, amounts of any judgment, fine, and amounts paid in settlement) actually and reasonably incurred by him in connection with or resulting from any action, suit or proceeding in which such person may become involved as a party or otherwise by reason of having been an officer or director of the corporation.

17. LIABILITY FOR DIVIDENDS ILLEGALLY DECLARED.

A director shall not be liable for dividends illegally declared, distributions illegally made to shareholders, or any other action taken in reliance in good faith upon financial statements of the corporation represented to him to be correct by the president of the corporation or the officer having charge of its books of account, or certified by an independent public or certified accountant to fairly reflect the financial condition of the corporation; nor shall he be liable if in good faith in determining the amount available for dividends or distributions he considers the assets to be of their book value.

ARTICLE IV OFFICERS

1. NUMBER.

The officers of the corporation shall be a president, one or more vice presidents, a secretary and a treasurer, each of whom shall be elected by the directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the directors.

2. ELECTION AND TERM OF OFFICE.

The officers of the corporation to be elected by the directors shall be elected annually at the first meeting of the directors held after each annual meeting of the stockholders. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

3. REMOVAL.

Any officer or agent elected or appointed by the directors may be removed by the directors whenever in their judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

4. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the directors for the unexpired portion of the term.

5. PRESIDENT.

The president shall be the principal executive officer of the corporation and, subject to the control of the directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the stockholders and of the directors. He may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts or other instruments which the directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the directors or by these by-laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the president and such other duties as may be prescribed by the directors from time to time.

6. VICE PRESIDENT.

In the absence of the president or in event of his death, inability or refusal to act, one of the vice presidents designated by the board of directors shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice president shall perform such other duties as from time to time may be assigned to him by the President or by the directors.

7. SECRETARY.

The secretary shall keep the minutes of the stockholders' and of the directors' meetings in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these by-laws or as required, be custodian of the corporate records and of the seal of the corporation and keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder, have general charge of the stock transfer books of the corporation and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the directors.

8. TREASURER.

If required by the directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with these by-laws and in general perform all of the duties as from time to time may be assigned to him by the president or by the directors.

9. SALARIES.

The salaries of the officers shall be fixed from time to time by the directors and no officer shall be prevented from receiving such salary by reason on the fact that his is also a director of the corporation.

ARTICLE V CONTRACTS, LOANS, CHECKS AND DEPOSITS

1. CONTRACTS.

Except as provided in the Articles of Incorporation, the directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

2. LOANS.

No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the directors. Such authority may be general or confined to specific instances.

3. CHECKS, DRAFTS, ETC.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the

corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the directors.

4. DEPOSITS.

All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the directors may select.

ARTICLE VI CERTIFICATES FOR SHARES AND THEIR TRANSFER

1. CERTIFICATES FOR SHARES.

Certificates representing shares of the corporation shall be in such form as shall be determined by the directors. Such certificates shall be signed by the president and by the secretary or by such other officers authorized by law and by the directors. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the stockholders, the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the directors may prescribe.

2. TRANSFERS OF SHARES.

a. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate; every such transfer shall be entered on the transfer book of the corporation which shall be kept at its principal office.

b. The corporation shall be entitled to treat the holder of record of any share as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, except as expressly provided by the laws of this state.

ARTICLE VII FISCAL YEAR

The fiscal year of the corporation shall begin on such date as may be determined by resolution of the Board of Directors.

ARTICLE VIII DIVIDENDS

The directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law.

ARTICLE IX SEAL

The directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the state of incorporation, year of incorporation and the words, "Corporate Seal".

ARTICLE X WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any director of the corporation under the provisions of these by-laws or under the provisions of the Articles of Incorporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XI AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws adopted only by a vote of the directors representing a majority of the entire Board of Directors.

2-8285-105-84

[LOGO]

NUMBER
AA

SHARES
SPECIMEN

COMMON STOCK

COMMON STOCK

INDUSTRIAL TRAINING CORPORATION
Incorporated under the laws of the state of Maryland

THIS CERTIFIES that

CUSIP
See reverse side for certain definitions

SPECIMEN

FULLY PAID AND NON-ASSESSABLE SHARES OF THE PAR VALUE OF TEN CENTS ($.10) EACH OF THE COMMON STOCK OF INDUSTRIAL TRAINING CORPORATION transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

[Seal]

Authorized Signature.

/s/George H. Kaiz	/s/James H. Walton
George H. Kaiz	James H. Walton
Secretary	President

Countersigned and Registered:
NS&T Bank, N.A.
(Washington, D.C.) Transfer Agent
and Registrar.

By

INDUSTRIAL TRAINING CORPORATION

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as Though they were written out in full according to applicable laws or regulations:

<TABLE>

<S>	<C>	<C>	<C>
TEN COM	- as tenants in common	UNIF GIFT MIN ACT -	..........................Custodian........................ (Cust) (Minor)
TEN ENT	- as tenants by the entireties		under Uniform Gifts to Minors Act ....
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		(State)

Additional abbreviations may also be used though not in the above list.

</TABLE>

The Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Requests may be directed to the office of the Corporation or to the Transfer Agent.

For value received, ...hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

____
/   /
____

....
Please print or typewrite name and address including postal zip code of assignee

....

....Shares of the capital stock represented by the within Certificate, and do hereby

irrevocably constitute and appoint.......................................

....
Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated ....

....

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the Certificate in every particular, without alteration or enlargement, or any change whatever.

Asset Purchase Agreement

This Asset Purchase Agreement ("Agreement"), effective as of the 16th day of February 1995, is made by and between the Instrument Society of America, a Pennsylvania nonprofit corporation (hereafter "ISA"), and Industrial Training Corporation, a Maryland corporation (hereafter "Buyer").

WITNESSETH

Whereas, ISA is the owner of a series of 51 interactive videodisc training programs known as INVOLVE(REGISTERED TRADEMARK) (the "Programs"); and

Whereas, the Programs contain no software components in which any third party may claim superior or joint ownership, nor are the Programs a derivative work of any other software programs not owned in their entirety by ISA; and

Whereas, ISA has granted rights in copies of the Programs to third parties solely pursuant to the End-User License Agreements, identified in Schedule B attached hereto (the "End-User Agreements") which are to be assigned to, and assumed by, Buyer, pursuant to this Agreement; and

Whereas, ISA has granted rights of distribution of the Programs pursuant to certain Distribution Agreements, identified in Schedule C attached hereto (the "Distribution Agreements") which are to be assigned to, and assumed by, Buyer, pursuant to this Agreement; and

Whereas, Buyer desires to purchase and ISA desires to sell the Programs including all copyright and trademark rights relating thereto, under the terms and conditions set forth in this Agreement.

Now therefore, in consideration of the covenants and premises contained herein, and for other good consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Purchase and Sale of Assets

1.1. Purchase and Sale.

On the Closing Date, as defined in Section 1.6, ISA agrees to sell, convey, transfer, assign, and deliver to Buyer, and Buyer agrees to purchase from ISA, all of ISA's right, title, and interest in and to both the tangible and intangible property constituting the Program in perpetuity, including the following corporeal and incorporeal incidents to the Programs, which is more particularly identified in Schedule 1, including all copyright rights and trademark rights, for the Purchase Price set forth in Section 1.2 of this Agreement:

a) Title to and possession of the media, devices, and documentation that constitute all copies of the Programs, its component parts, and all documentation relating thereto, possessed or controlled by ISA, including rights and possession to any original source footage used in creating videodiscs, which are to be delivered to Buyer pursuant to Section 1.5 of this Agreement ("Inventory").

b) All copyright interests owned or claimed by ISA pertaining to the Programs.

c) All right, title and benefit of ISA in and to all trademarks and any confidential information or trade secrets owned or claimed by ISA pertaining to the Programs, including the name INVOLVE(REGISTERED TRADEMARK) (but excluding any right or interest in the trade name or trademark of "ISA").

d) All of the right, title, interest and benefit of ISA in, to and under all agreements, contracts, licenses, and leases entered into by ISA or having ISA as a beneficiary, pertaining to the Programs, including ISA's rights as licensor under the End-User Agreements and ISA's rights under the Distribution Agreements. However, ISA shall be entitled to any accounts receivable from sales made pursuant to such Distribution Agreements which occurred prior to Closing.

1.2. Purchase Price.

The Purchase Price for the Assets shall be $1,500,000.

1.3. Payment of Purchase Price.

At Closing, Buyer shall pay to ISA the Purchase Price in full, in cash.

1.4. Allocation.

The Purchase Price shall be allocated among the Assets as follows: $1,320,000.00 - Intangible Property; $180,000.00 - Inventory. The parties shall each be solely responsible for their respective obligations to report the sale and purchase of the Assets to any taxing authorities and payment of all taxes due upon the completion of the sale.

1.5. Delivery of Physical Objects.

On the Closing Date, ISA shall deliver to Buyer (i) its entire inventory of copies of the Program in object code form, consisting of 5,192 discs (as of February 1, 1995); (ii) a master copy of the Program (in both source and object code form), which shall be in a form suitable for copying; and (iii) all system and user documentation pertaining to the Program, including design or development specifications, error reports, and related correspondence and memoranda. Seller shall bear all costs incurred in transporting such physical objects to Purchaser's facility.

1.6. ISA covenants and agrees that, for so long as Buyer enjoys right and title to the Program, ISA will use its best efforts to assist Buyer in coordinating with persons expert in subject matter pertaining to the titles set forth on Schedule A.

1.7. Buyer's Assumption of Liability.

Buyer shall not assume and therefore shall not be responsible for discharge of any ISA obligations with respect to any unfulfilled sales of the Assets. ISA shall indemnify and hold harmless ITC from any claims relating to such unfulfilled liabilities.

1.8. Closing.

The purchase and sale of the Programs contemplated by this Agreement ("Closing") shall take place at the offices of ISA, on or before February 28,1995 (the "Closing Date").

1.9. Accounts Receivable.

The parties hereto acknowledge that, pursuant to that certain Agreement dated April 13, 1989, by and between the Buyer and ISA, including all addenda thereto, ISA owes Buyer an amount approximating $90,000.00 for custom services performed under said agreement ("Development Agreement"). In consideration of the execution of this Agreement and the performance by ISA thereunder, and as additional consideration toward the Purchase Price of the Programs, Buyer will agree to forgive ISA for all amounts owed to it under the Development Agreement.

2. License to Use ISA Name and Trade Mark

For a period of five (5) years commencing with the Closing Date, ISA licenses and grants unto Buyer the right to use the name "ISA," and the right to use the ISA logo, in connection with the development, preservation, sales, marketing or distribution of

the Programs. At the expiration of the five-year period, this license shall be renewable for an additional five (5) year period ("Option Period") at the election of the Buyer. Notwithstanding the foregoing, Buyer may not elect to renew the license for the Option Period if during the original license period, Buyer engages in any activity that damages, diminishes or otherwise injures the tradename "ISA" or the ISA logo.

After the Option Period, this license shall be automatically renewable on an annual basis, unless written notice of termination is given to the other party at least ninety (90) days prior to the end of the current term. The license granted by this Section is non-exclusive, except as related to the Programs, and royalty-free. Buyer shall not act in any way such that the credibility and reputation of ISA or the value of the trademarks licensed by this Section is diminished. Buyer will not use the trademarks licensed under this Section for any purpose other than the sales and marketing of the Programs and in any way that may endanger the registration and continued use of the trademarks by ISA. This license is a separable part of this Agreement and its termination shall have no effect on the continued application of any other parts of this Agreement.

3. Marketing Agreement

ISA may continue to market and sell the Programs until May 31, 1996. This marketing agreement will be extended for additional terms of one year each unless one party gives the other written notice of termination at least ninety (90) days before the end of the current term. After the Closing Date, Buyer shall pay to ISA a 25% commission on the sales price on each sale of the Programs made by ISA (excluding hardware sales, returns, bad debts or accounts receivable write-offs, shipping, handling and any taxes incurred). Commissions will be paid to ISA under this agreement no later than the end of the month following the month of sale. This marketing agreement shall be considered a separable portion of this Agreement and its termination will have no effect on the continued application of any other parts of this Agreement.

Buyer agrees that it will permit ISA members to purchase INVOLVE(REGISTERED TRADEMARK), either from Buyer, ISA, or Buyer's distributors, at a discount equivalent in percentage to the discount currently offered to ISA members by ISA during the period the license set forth in Section 2 is in effect even if the marketing rights granted by this section have been terminated.

4. Advertising in ISA Publications

During the period the license set forth in Section 2 is in effect, ISA shall provide to Buyer the following advertising space at no charge:

(a) one page, once per quarter in the publication known as "INTECH," or any successor thereto; and

(b) one page, two times per calendar year in the publication known as "Motion Control," or any successor thereto.

All copy related to such advertising shall be provided by Buyer at Buyer's expense. Buyer may advertise the Programs, or any other product sold or marketed by Buyer, in these publications.

5. Participation in Trade Shows

During the period the license set forth in Section 2 is in effect, ISA shall provide to Buyer, at no additional cost to Buyer, 10' x 20' space at ISA-sponsored exhibitions.

6. Acknowledgment of Rights

6.1. Buyer's Rights.

ISA hereby acknowledges that, from and after the Closing Date, Buyer has acceded to all of ISA's right, title and interest:

(i) Receive all rights and benefits pertaining to the Programs, and the End-User Agreements;

(ii) Institute and prosecute all suits and proceedings and take all actions that Buyer, in its sole discretion, may deem necessary or proper to collect, assess, or enforce any claims, rights or title of any kind in and to any or all of the Programs and the End-User Agreements; and

(iii) Defend and compromise any and all such actions, suits, or proceedings relating to such transferred and assigned rights, title, interest and benefits, and perform all other such acts in relation thereto as Buyer, in its sole discretion, deems advisable;

(iv) Have the sole right to convert the Program to different technologies (i.e., CD-ROM, digital) as may be appropriate, in Buyer's sole discretion.

(v) ISA shall allow Buyer access to its databases two (2) times per calendar year for the sole purpose of determining and copying information related to existing and prospective customers. Buyer may not incorporate such information in any database it furnishes to third parties without the prior written consent of ISA.

6.2. ISA's Rights and Non-competition Covenant.

The parties hereto acknowledge that, as of the Closing Date thereof and thereafter during the period that the license granted under Section 2 of this Agreement is in effect, ISA shall have no right to, and shall be prohibited from, developing, producing, marketing or selling interactive multimedia programs or products covering substantially similar subject matter and scope and intended for a substantially similar target market as the Programs except as otherwise expressly permitted under this Agreement without the prior written consent of Buyer. ISA shall have the right to develop, produce, market, and sell programs or products in any form or media except as expressly prohibited by this Section.

Buyer shall grant to ISA a royalty-free, non-exclusive license to use INVOLVE(REGISTERED TRADEMARK) in training courses produced by ISA for attendance by third parties, including individuals and companies, whether currently existing or developed in the future. However, use of the INVOLVE(REGISTERED TRADEMARK) name cannot diminish or otherwise jeopardize Buyer's reputation, rights or own use of such name.

This license includes the right to display the audio-visual components and allow attendees to operate the Programs during the course of training.

6.3. Cooperative Effort.

The parties hereto acknowledge that each of them independently may wish to develop titles for certain interactive multimedia lessons not set forth on Schedule A; recognizing this, the parties agree that they will each fully inform the other of their production and development plans and efforts by meeting, in person, two (2) times per year, at a place to be determined mutually by the parties.

7. Representations and Warranties of ISA

7.1. Organization and Standing.

ISA is a nonprofit corporation, duly organized, validly existing and in good standing under the laws of the State of Pennsylvania.

7.2. Authorization and Enforceability.

ISA has the legal capacity and full corporate power and authority to enter into and perform its obligation under

this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors, and no other corporate proceedings on the part of ISA are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement constitutes a legal, valid and binding obligation of ISA enforceable against ISA in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization, receivership, fraudulent conveyance, fraudulent transfer or other similar laws or equitable principles relating to or affecting creditors' rights and remedies generally.

7.3. Consents.

No approval or consent of, notice to, filing or registration with any person or governmental agency, and no permit, authorization, consent or approval of any public body or authority, domestic or foreign, is necessary in connection with the execution and delivery by ISA of this Agreement, or the performance by ISA of ISA's obligations hereunder.

7.4. Title.

ISA has good and marketable title to the Assets, free and clear of all liens, charges, and encumbrances of any kind and the same shall remain such to and including the Closing Date. ISA will convey to Buyer on the Closing Date good and marketable title to the Assets free and clear of all liens, charges, and encumbrances. Such conveyance shall be made by Bill of Sale and other instruments of transfer as required.

7.5. Copyrights and Trademarks.

At closing, ISA will deliver an assignment of all copyrights and trademarks owned or claimed by ISA related solely to the Assets. To the best of ISA's knowledge, the Assets and the use of such trademarks by ISA has not infringed and is not infringing on any copyright, trademark or tradename of any third party and there are no known outstanding claims of copyright or trademark infringement asserted or threatened against ISA with respect to the Assets. ISA shall defend and indemnify Buyer for any and all losses arising out of any claims of copyright, or trademark infringement that may be asserted against Buyer.

7.6. Litigation.

There are no lawsuits, actions, proceedings, arbitrations, claims, governmental investigations, or other actions ("Litigation") pending, or to the best knowledge of ISA after due investigation and inquiry, threatened before any federal, state, foreign, municipal or other governmental department, commission, board, bureau, agency, instrumentality or self regulatory authority of body against or involving ISA (i) that could have a material adverse effect upon the Assets or (ii) that involve a challenge of the validity or propriety of, or that would impact the ability of ISA to consummate the transactions contemplated by this Agreement. There are no presently existing facts or circumstances likely to give rise to any action that could have an adverse effect upon the Assets, or the right of ISA to consummate the transactions contemplated by this Agreement without delay.

7.7. No Bulk Sale.

The transactions contemplated under this transaction do not constitute a bulk sale under the laws of the State of North Carolina, Maryland, Virginia, or Pennsylvania.

8. Representations and Warranties of Buyer

8.1. Organization and Standing.

Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland.

8.2. Authorization and Enforceability.

Buyer has the legal capacity and full corporate power and authority to enter into and perform its obligation under this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors, and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization, receivership, fraudulent conveyance, fraudulent transfer

or other similar laws or equitable principles relating to or affecting creditors' rights and remedies generally.

8.3. Consents.

No approval or consent of, notice to, filing or registration with any person or governmental agency, and no permit, authorization, consent or approval of any public body or authority, domestic or foreign, is necessary in connection with the execution and delivery by Buyer of this Agreement, or the performance by Buyer of Buyer's obligations hereunder.

8.4. Independent Investigation.

Before Closing, Buyer will make its own appraisal and investigation into the Assets independently and without reliance on ISA (except as expressly represented by ISA in Section 7 and the Schedules to this Agreement) based upon such information as it deems relevant and appropriate ("Due Diligence") and upon closing accepts the Assets "AS IS" without reliance upon any representation or warranty of ISA not set forth in Section 7. Further, Buyer specifically acknowledges and agrees that ISA has not and will not give Buyer any representation or assurance that the Assets can be marketed with any degree of financial success.

9. Effect of Prior Production Agreement

Section 10.0 Marketing Rights conferred under the Agreement between the parties dated April 13, 1989, as amended, shall terminate upon Closing. However, Buyer is required to remit to ISA payments on sales of the Program by Buyer as may be due pursuant to Section 10.0 of that Agreement. Buyer therefore agrees to settle accounts under that agreement as required by that agreement after Closing. Buyer further agrees to continue to provide post production support to all end users of the Programs, including those existing end users at the time of Closing, as required by that Agreement, but the requirements of Sections 9.5, 9.7, and 9.8 of that Agreement shall terminate with Closing. All warranties, representations, and rights to indemnify under that Agreement shall survive Closing.

10. Access to Information

10.1. Access.

ISA will give Buyer, and Buyer's counsel, accountants, and other representatives, reasonable access during normal business hours from the date of execution of this Agreement through the Closing Date of all of ISA's records relating to the Assets.

11. Conditions to Buyer's Obligation to Close

The obligation of Buyer to complete the transactions contemplated by this Agreement is expressly subject to the satisfaction or waiver by Buyer, on or before the Closing Date, of all of these Conditions:

11.1. Instruments of Transfer.

At closing, the parties shall enter into a bill of sale and appropriate assignments consummating the transactions contemplated hereunder in form substantially similar to those attached hereto as Exhibits A and B.

11.2. Representations, Warranties, and Covenants.

The representations and warranties of Seller contained in this Agreement shall be true, complete and accurate in all material respects, when made and at the Closing Date, as though such representations and warranties were made at and as of such date.

11.3. Approval of Documentation.

The form and substance of all instruments, consents, transfer or assignment documents and other documents delivered to Buyer under this Agreement shall be satisfactory in all reasonable respects to Buyer and Buyer's Counsel.

11.4. Performance.

Seller shall have performed and complied in all material respects with all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date, including the obtaining of any consents required by the Distribution Agreements.

12. Conditions to ISA's Obligation to Close

The obligation of ISA to complete the transactions contemplated by this Agreement is expressly subject to the satisfaction or waiver by ISA, on or before the Closing Date, of all of these Conditions:

12.1. Representations, Warranties, and Covenants.

The representations and warranties of Buyer contained in this Agreement shall be true, complete and accurate in all material respects, when made and at the Closing Date, as though such representations and warranties were made at and as of such date.

12.2. Approval of Documentation.

The form and substance of all instruments, consents, transfer or assignment documents and other documents delivered to Buyer under this Agreement shall be satisfactory in all reasonable respects to Seller and Seller's Counsel.

12.3. Performance.

Buyer shall have performed and complied in all material respects with all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

13. Termination

13.1. Termination.

This Agreement may be terminated at any time prior to the Closing Date as follows:

(a) by mutual written consent of the parties at any time;

(b) by Buyer if the conditions precedent to its obligations contained in Section 11 hereof have not been met in all material aspects through no fault of Buyer;

(c) by ISA if the conditions precedent to its obligations contained in Section 12 have not been met in all material respects through no fault of ISA;

(d) by written notice of one party to the other if Closing has not occurred by February 28,1995; provided however that the right to terminate this Agreement under this section 13.1(d) shall not be available to any party whose failure to perform an obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur prior to such date.

13.2. Effect of Termination.

If this Agreement is terminated under this Section, all further obligations of the parties under this Agreement

shall be terminated without further liability of any party to the other. No such termination shall relieve either party from liability for any breach of this Agreement, however.

14. Miscellaneous

14.1. Notices.

All notices that are required or may be given under this Agreement shall be in writing and delivered or mailed by registered or certified mail, postage prepaid, or sent by facsimile transmission as follows:

If to ISA:

Executive Director
Instrument Society of America
67 Alexander Drive
P.O. Box 12277
Research Triangle Park, NC 27709
Fax (919) 549-8288

If to Buyer:

Philip J. Facchina
Vice President and Chief Financial Officer
ITC
13515 Dulles Technology Drive
Herndon, VA 22071
Fax (703) 713-3335

14.2. Expenses.

Each party shall bear its own expenses, including without limitation the fees, commissions, and charges of any attorneys, accountants, appraisers, brokers or finders, or others engaged or retained by that party and the costs of obtaining any consents or approvals required in connection with this Agreement and the transactions contemplated by it.

14.3. Survival of Representations, Warranties, and Rights to Indemnity.

All representations, warranties, and rights to indemnify shall survive the Closing.

14.4. Entire Agreement.

This Agreement and the schedules hereto constitute the entire Agreement between the parties hereto with respect

to the subject matter hereof and supersede all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

14.5. Headings.

The headings contained in this Agreement are convenience of reference only and shall not affect or alter the meaning or effect of any provision hereof.

14.6. Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

14.7. Governing Law.

This Agreement shall be construed in accordance with the laws of the Commonwealth of Virginia.

14.8. Counterparts.

For the convenience of the parties, this Agreement may be executed in one or more counterparts, each of which shall be deemed as original, but all of which together shall constitute one and the same instrument.

14.9. Books and Records.

ISA may have reasonable access to any books and records transferred to Buyer for ISA's needs related to performance of this Agreement or as needed to maintain or defend any actions against third parties or for tax purposes.

14.10. Confidentiality.

Buyer and ISA shall consult with each other before issuing any press release or otherwise making any public statement with respect to the transactions contemplated herein and shall not issue any such press release or make any such public statement without the approval of the other, unless Counsel had advised each party that such press release or other public statement must be issued immediately and the issuing party has not been able, despite its good faith efforts, to secure the prior approval of the other party.

14.11. Severability.

If any provision of this Agreement is held to be illegal, invalid or unenforceable, such provision shall be fully severable and this Agreement shall be construed and enforced as if such provision had never comprised a part hereof. The remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or enforceable provision.

This Agreement is executed by the signatures below of authorized representatives of the parties on duplicate originals.

<TABLE>
<CAPTION>

<S>	<C>
Instrument Society of America	Industrial Training Corporation

Signature:	Signature:
Name:	Name:
Title:	Title:
Date:	Date:

</TABLE>

Schedule A

INVOLVE(REGISTERED TRADEMARK) Courseware

Analyzers
- Principles of Process Analysis
- Spectroscopic Analyzers
- Gas Chromatographs
- Air and Water Analysis

- Process Sampling Systems

Boiler Control
- Boiler Systems
- Boiler Controls
- Troubleshooting Boiler Controls

Control Valves
- Body Types and Trim
- Actuators and Positioners
- Body and Trim Maintenance
- Actuator and Positioner Maintenance

Controller Tuning
- Controller Tuning

Digital Instrumentation
- Smart Transmitters
- Single Loop Digital Controllers

Distributed Control
- Distributed Control Fundamentals
- Maintaining Distributed Control Systems

Electronic Maintenance Series
- Pressure and Temperature Transmitters
- Flow Transmitters
- Level and Weight Transmitters
- Transducers, Annunciators, and Recorders
- Electronic Controllers

Fundamentals of Industrial Measurement
- Pressure Measurement
- Level Measurement
- Flow Measurement
- Temperature Measurement

Industrial Process Control Series
- Single Loop Control
- Multiple Loop Control

Instrument Calibration
- Calibration Principles

- Calibrating Pressure and Differential Pressure Instruments
- Calibrating Temperature Instruments
- Calibrating Flow Instruments
- Calibrating Level Instruments

Instrumentation and Control Safety
- Personnel Safety
- Working with Hazardous Materials
- Instruments in Hazardous Environments

Interpreting Process Control Diagrams
- Interpreting Process Control Diagrams

Pneumatic Maintenance
- Pneumatic Principles
- Sensors and Transmitters
- Controllers and Recorders

Process Operations
- Heating and Cooling Systems
- Distillation Columns
- Batch Process Systems

Programmable Controllers for Analog Control
- Programmable Controllers for Analog Control

Test Instruments and Devices
- Pneumatic and Hydraulic Test Devices
- Electronic Test Devices
- Frequency and Temperature Test Devices
- Analog and Digital Oscilloscopes

Troubleshooting
- Troubleshooting Single Loop Control Systems
- Troubleshooting Multi-Loop Control Systems
- Troubleshooting Distributed Control Systems

Schedule B

See Attached End-User Agreements

67 Alexander Drive
P.O. Box 12777
Research Triangle Park, NC 27709
Telephone (919) 549-8411
Telex 802-540
Fax (919 549-8288

INSTRUMENT SOCIETY OF AMERICA
INVOLVE(REGISTERED TRADEMARK)
INTERACTIVE VIDEODISC INSTRUCTION
LICENSE AGREEMENT

IMPORTANT: PLEASE READ THIS LICENSE AGREEMENT IN ITS ENTIRETY BEFORE OPENING THE SEALED PACKAGES CONTAINING THE COMPUTER SOFTWARE DISKETTES.

Instrument Society of America (ISA) is pleased you have selected INVOLVE(REGISTERED TRADEMARK) interactive videodisc instruction (IVI).

It is important that you understand that ISA grants only a nontransferable, nonexclusive license to use the INVOLVE IVI materials, which are the laser, videodisc and computer programs (Software) recorded on the diskettes, the other materials included in the INVOLVE IVI package, and any updates to the IVI materials supplied by ISA. You do not become the owner of the IVI materials. All ownership rights to the IVI materials, including all rights of copyright, either belong to or are licensed by ISA and are retained by ISA or ISA's licensor, as the case may be.

Please read this license agreement carefully before opening the sealed package containing the Software diskettes. If you do not agree with any of its terms, return all IVI materials in the package and all packaging, including the laser disk and the Software diskettes in their original package with the seal unbroken and the accompanying manual to ISA within ten (10) days after you receive it and your money will be refunded. Of course, if you return the materials, you will not be licensed to use them in any manner. If you do not return the IVI materials within ten (10) days, then you will be deemed to have agreed to the terms of this license.

If you agree to the terms of the license, then you must sign, date, and return the attached, postage prepaid, registration card to ISA for acceptance of your license by ISA within ten (10) days of your receipt of the IVI materials.

Any use of the IVI materials without agreeing to the terms of this license agreement and signing and returning the registration card, and any use beyond the express terms of this license agreement, is unauthorized and unlawful.

LICENSE GRANTED TO YOU

You MAY:

1. Copy the Software onto a permanent storage device on one or more computers or file servers;

2. Copy the Software into the RAM memory of, and run the programs on, one interactive computer display terminal at any given time;

3. Make and maintain back-up copies of the Software as long as they are used for back-up purposes only and you keep possession of all back-up copies; and

4. Use the other materials as intended by ISA to support your use of the laser videodisc and Software portions of the IVI materials.

You MAY NOT:

1. Make copies of any of the IVI materials other than as expressly stated in this license agreement or provide copies of the IVI materials to others:

2. Rent, lease, sub-license, time-share, lend, or transfer the IVI materials or your rights under this license;

3. Use the software under any system arrangement, such as a network or a telecommunications system, under which one not licensed to use the IVI materials may use it;

4. Alter, modify, decompile, disassemble, or reverse engineer any of the IVI materials; or

5. Remove, mar, or obscure any copyright or trademark notices on any IVI materials.

DURATION

Your license begins on the day ISA accepts your license after receipt of your registration card and ends if and when:

1. You violate the terms of this license; or
2. You return all IVI materials to ISA.

If this license ends because you violate its terms, you are required to return all IVI materials to ISA and ISA reserves the right to pursue any legal remedies for the violation. There will be no refunds of license fees if the materials are returned, and the license terminated, more than ten (10) days after you initially receive the IVI materials.

LIMITED WARRANTY

For a period of one year after acceptance of your license, ISA warrants that:

1. The diskette(s) and laser videodisc on which the IVI materials are furnished is free of defects in material or workmanship;
2. The IVI materials are properly recorded on the diskette(s) or videodisc;
3. The program functions substantially as described in the manual.

Since it is not possible to test all possible hardware and software combinations, ISA must exclude all other warranties. ISA does not warrant that the IVI materials will meet your requirements or that its operation will be uninterrupted or error free. ISA EXCLUDES any and all other express or implied warranties, including WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. This warranty gives you specific legal rights. You may also have other rights which vary from state to state. SOME STATES DO NOT ALLOW THE EXCLUSION OR LIMITATION OF IMPLIED WARRANTIES SO THE LIMITATION ABOVE MAY NOT APPLY TO YOU.

REPLACEMENT AND BACKUP POLICY

If the diskette(s) or laser videodisc furnished fail to meet the stated warranty, a replacement will be furnished to registered users at no charge as long as
the defective diskette(s) or videodisc is returned to ISA within 15 days of the shipping date of the replacement. If the defective item is not returned or
if the item failed because of a problem not covered by the warranty, such as physical abuse, then the replacement item will be deemed a backup and the user will be charged the fee for a backup copy. A registered user may

obtain a backup copy at any time during or after the warranty period for a fee of $25.00, plus postage and handling. The user will not permit the replacement or backup to be used in violation of the license granted.

UPGRADE POLICY

From time to time ISA may release updates or enhancements to the IVI materials. Only registered users will be notified of the availability of the updates or enhancements and the charges and terms for the use of the updates or enhancements.

LIMITATION OF REMEDY

ISA's entire liability and your exclusive remedy is limited to replacement of any IVI materials which fail to meet ISA's warranty.

ISA WILL NOT BE LIABLE TO YOU FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM THE USE OR INABILITY TO USE THE IVI MATERIALS, INCLUDING LOSS OF DATA, PROFITS, OR CLAIMS OF THIRD PARTIES. EVEN IF ISA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, SOME STATES DO NOT PERMIT THE LIMITATION OF DAMAGES. THE ABOVE LIMITATION, THEREFORE, MAY NOT APPLY TO YOU. IN THE EVENT THAT ANY OF THE ABOVE LIMITATIONS ARE UNENFORCEABLE, ISA'S LIABILITY IS LIMITED TO THREE TIMES THE LICENSE FEE YOU PAID.

GENERAL

This agreement will be governed by the laws of the State of North Carolina.

If any provision of this license is determined to be unlawful, void, or unenforceable for any reason by a final order of a court, then the offending provision will be deemed severed from this license and the remaining provisions will continue to be valid and enforceable.

Any question regarding this agreement may be sent in writing to ISA, P.O. Box 12277, Research Triangle Park, NC 27709.

(COPYRIGHT)1993 ISA

INVOLVE

LICENSE REGISTRATION CARD

You acknowledge that you have read this agreement, understand it, and agree to be bound by its terms. You also agree that it is the entire agreement between you and ISA and there are no other understandings or representations by ISA on which you rely regarding this license. This license may be modified only by a written amendment signed by an authorized representative of ISA. You may not assign your rights under this license without the prior written consent of ISA.

INVOLVE Title ____
Signature ____ Date __________
Name (please print)
Title ____ Dept. ___________
Company
Address______________________________________Phone (   ) ___________
(City, State, Zip) ____
Site ____
Accepted for ISA by __________________________________ Date __________

Schedule C

Distribution Agreements

- Agreement dated April 23, 1992 by and between ISA and Lambton College of Applied Arts and Technology
- Agreement dated August 1, 1990 by and between ISA and AVSOURCE
- Agreement dated August 1, 1992 by and between ISA and Soushen Pty. Ltd. (trading as Select Learning)
- Agreement dated February 1, 1994 by and between ISA and Electrolab Training Systems
- Agreement dated December 10, 1992 by and between ISA and ISA I/Latin American Region
- Agreement dated September 1, 1985 by and between ISA and American Technical Publishers Ltd.

Bill of Sale

KNOW ALL MEN BY THESE PRESENCE, that the Instrument Society of America, a Pennsylvania non-profit corporation (hereinafter referred to as "Seller"), having a place of business at 67 Alexander Drive, Research Triangle Park, NC 27709 (the "Dealership Location"), for and in consideration of the sum of $180,000 lawful money of the United States, and other good and valuable consideration to it paid by Industrial Training Corporation, a Maryland corporation (hereinafter "Buyer"), the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold, transferred and delivered, and by these presence does grant, bargain, sell, transfer and deliver unto the Buyer, its successors and assigns, the following:

(a) All of the inventory of the media, devices and documentation that constitute all copies of the Programs (as that term is defined in that certain Asset Purchase Agreement by and between Seller and Buyer, dated February 16, 1995), located at the premises of Professional Mail Services, a warehousing service utilized by the Seller, at the date hereof, said media, devices and documentation being more particularly identified by the inventory schedules prepared by Buyer and Seller; and

(b) All sales files, service records, and other documentation; and any and all records, documents and files relating to any of the foregoing described property.

(All of the foregoing described property is herein referred to as the "Property").

TO HAVE AND TO HOLD said Property unto Buyer, its successors and assigns, forever.

AND FURTHER, Seller does covenant to and with the Buyer, its successors and assigns, that Seller is the lawful owner of said Property, that the same are free from all encumbrances; that the Seller has good right to sell the same as aforesaid; and that the Seller will warrant and defend the sale of all of said Property unto the Buyer, its successors and assigns, against the claims and demands of all persons whomsoever, as prescribed by the Asset Purchase Agreement.

AND FURTHER, Seller hereby covenants and agrees with Buyer to sign, seal, execute and deliver, or cause to be signed, sealed, executed and delivered and to do or make, or cause to be done or made, upon reasonable request by Buyer, any and all agreements, instruments, papers, deeds, acts or things supplemental, confirmatory or otherwise, as may be reasonably required by Buyer for the purpose of or in connection with acquiring, or more effectively vesting in Buyer, or evidencing the vesting in Buyer of the

said Property of Seller transferred, assigned or delivered hereby or hereunder.

IN WITNESS WHEREOF, Seller has caused its corporate name to be subscribed hereto by its duly authorized officer this 16th day of February, 1995.

Instrument Society of America

By:

Glenn Harvey
Executive Director

State of California)
) To Wit
County of ----------------------)

Subscribed and sworn to (or affirmed) before me, the undersigned Notary

Public, by Glenn Harvey, in his capacity as Executive Director of Instrument Society of America.

Notary Public ----------------------------

My Commission Expires:--------------------

ASSIGNMENT

THIS ASSIGNMENT (the "Assignment"), made and entered into as of the 16th day of February, 1995, by and between Industrial Training Corporation, a Maryland Corporation, (the "Assignee") and the Instrument Society of America, a Pennsylvania nonprofit corporation (hereinafter "Assignor").

WITNESSETH:

WHEREAS, Assignor and Buyer have entered into that certain Asset Purchase

Agreement dated February 16, 1995, for the sale and purchase of that series of interactive videodisc training programs known as INVOLVE(REGISTERED TRADEMARK) (the "Programs"); and

WHEREAS, the terms of the Asset Purchase Agreement require, among other things, the assignment by Assignor to Buyer of certain rights and interest the Assignor enjoys in copyrights and agreements pertaining to the Programs; and

WHEREAS, Assignor desires to assign to the Assignee all of Assignor's right, title, and interest in and to all properties, tangible and intangible, that Assignor owns, possesses, or controls and has placed in use, or otherwise contributed, relating to the Programs, including all associated intellectual property rights, and the Assignee desires to accept such assignment;

AND WHEREAS, the parties hereto wish to make certain other agreements;

NOW THEREFORE, for $10.00 and other good and valuable consideration, the receipt of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1
Transfer and Assignment

1.1 Conveyance of Rights. Assignor hereby irrevocably transfers, grants, conveys, assigns, and relinquishes exclusively to the Assignee all of Assignor's right, title, and interest in and to the following Assets ("Assets"), in perpetuity (or for the longest period of time otherwise permitted by law):

1.1.1 All right, title, interest, and benefit (including to make, use, or sell under patent law; to copy, adapt, distribute, display, and perform under copyright law; and to use and disclose under trade secret law) of Assignor in and to all trade secrets, trademarks, service marks, trade names (including, in the case of trademarks, service marks and trade names, all goodwill appertaining thereto), copyrights, technology licenses, know-how, confidential information, shop rights, and

all other intellectual property rights owned or claimed by Assignor embodied in the Assets.

1.1.2 All right, title, interest, and benefit of ISA in, to and under all agreements, contracts, licenses, and leases entered into by Assignor or having Assignor as a beneficiary, pertaining to the Programs, including Assignor's rights under the Distribution Agreements (as more particularly identified in the Asset Purchase Agreement) and Assignor's rights under the End-User Agreements (as more particularly identified in the Asset Purchase Agreement).

1.2 Further Assurances. Assignor shall execute and deliver, from time to time after the date hereof upon the request of the Assignee, such further conveyance instruments, and take such further actions, as may be necessary or desirable to evidence more fully the transfer of ownership of all the Assets to the company, or the original ownership of all the Assets on the part of the Assignee, to the fullest extent possible. Assignor therefore agrees to:

1. Execute, acknowledge, and deliver any affidavits or documents of assignment and conveyance regarding the Assets;

2. Provide testimony in connection with any proceeding affecting the right, title, interest, or benefit of the Assignee and to the Assets; and

3. Perform any other acts deemed necessary to carry out the intent of this Assignment.

1.3 Acknowledgment of Rights. In furtherance of this Assignment, Assignor hereby acknowledges that, from this date forward, the Assignee has succeeded to all of Assignor's right, title, and standing to

1. Receive all rights and benefits pertaining to the Assets;

2. Institute and prosecute all suits and proceedings and take all actions that the Assignee, in its sole discretion, may deem necessary or proper to collect, asset, or enforce any claim, right, or title of any kind in and to any and all of the Assets; and

3. Defend and compromise any and all such actions, suits, or proceedings relating to such transferred and assigned rights, title, interest, and benefits, and do all other such acts and things in relation thereto as the Assignee, in its sole discretion, deems advisable.

1.4 Return of Materials. Assignor shall immediately surrender to the Assignee all materials and work produce in Assignor's possession or within Assignor's control (including all copies thereof) relating in any way to the Assets.

Section 2
Representations and Warranties

2.1 Except for certain of the Distribution Agreements identified in the Asset Purchase Agreement, Assignor represents and warrants that no consents of any other parties are necessary or appropriate under any agreements concerning any of the Assets in order for the transfer and assignment of any of the Assets under this Assignment to be legally effective.

2.2 Assignor represents and warrants that, to the best of Assignor's knowledge, upon consummation of this Assignment, the Assignee shall have good and marketable title to the Assets, free and clear of any and all liens, mortgages, encumbrances, pledges, security interests, or charges of any nature whatsoever.

Section 3
Miscellaneous

3.1 This Assignment shall inure to the benefit of, and be binding upon, the parties hereto together with their respective legal representatives, successors, and assigns.

3.2 This Assignment shall be governed by, and construed in accordance with the laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment under seal the day and year first above written.

Assignor: Instrument Society of America

By: /s/

Title: Executive Director

State of

County/City of
 -------------------------------;to wit:

The foregoing instrument was acknowledged before me this ------- day of ------------------, 1995

by --------------, --------------------, of ----------------------, a
Name Title
-------------------- Corporation, on behalf of the Corporation.

Notary Public

My Commission Expires: ________________________________

Assignee: Industrial Training Corporation

By: /s/

Title: VP and CFO

State of Virginia ;

County/City of Fairfax ; to wit:

The foregoing instrument was acknowledged before me this 17th day of February, 1995

by Philip J. Facchina , VP and CFO of ITC , a Maryland
 ----------------------- ---------- --------- --------------

Name Title
Corporation, behalf of the Corporation.

/s/

Notary Public

My Commission Expires: My Commission Expires July 31, 1996

[Notarized Document]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment under seal the day and year first above written.

Assignor: Instrument Society of America

By: /s/
\--------------------------------------
Title: Executive Director

State of ___________________________________:

County/City of ____________________________: to wit:

The foregoing instrument was acknowledged before me this ______ day of ____________, 1995 by _______________________, ______________________, of
Name Title
_______________________, a _________________________ Corporation, on behalf of the Corporation.

____
Notary Public

My Commission Expires: ________________________________

Assignee: Industrial Training Corporation

By: ---------------------------------------

Title: ---------------------------------------

State of -------------------------------;

County/City of -------------------; to wit:

The foregoing instrument was acknowledged before me this ______ day of __________, 1995

by _______________________, ______________ of _________, a ______________
Name Title
Corporation, on behalf of the Corporation.

Notary Public

My Commission Expires: ______________________________

[Notarized Document]

The following lists all subsidiaries of Industrial Training Corporation as required by Item 21.

	State	State of Incorporation
1.	ComSkill Learning Centers, Inc.	Georgia

Consent of Independent Auditors

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated February 24, 1995, in the Registration Statement (Form SB-2 No. 33-___) and related Prospectus of Industrial Training Corporation for the registration of 1,207,500 shares of its Common Stock.

Vienna, Virginia
July 27, 1995

ERNST & YOUNG LLP

CONSENT OF COUNSEL

The Board of Directors
Industrial Training Corporation

We hereby consent to the reference to our firm under the caption "Legal Opinions" in the Prospectus.

KIRKPATRICK & LOCKHART

Washington, D.C.
July 28, 1995

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James H. Walton and Philip J. Facchina, and each of them, his or her true and lawful attorney-in-fact and agent, for him or her, with full power of substitution and resubstitution, for him and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission and any other applicable regulatory authorities, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of Securities Act of 1933, this Registration Statement has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

BY /s/ James H. Walton DATE July 28, 1995

James H. Walton, Chairman of the Board
President and Chief Executive Officer

BY /s/ Gerald H. Kaiz DATE July 28, 1995

Gerald H. Kaiz, Vice Chairman of the Board,
Executive Vice President and Secretary

BY /s/ Steven L. Roden DATE July 28, 1995

Steven L. Roden, Executive Vice President
and Director

BY /s/ Philip J. Facchina DATE July 28, 1995

Philip J. Facchina, Vice President, Treasurer
and Chief Financial Officer

BY /s/ Christopher E. Mack DATE July 28, 1995

Christopher E. Mack, Controller

BY /s/ Thomas M. Balderston DATE July 28, 1995

Thomas M. Balderston, Director

BY /s/ Dan R. Bannister DATE July 28, 1995

Dan R. Bannister, Director

BY /s/ John D. Sanders DATE July 28, 1995

John D. Sanders, Director

BY /s/ Richard E. Thomas DATE July 28, 1995

Richard E. Thomas, Director