



Catalysts for Profitability and Growth

Interim Report
1 January–30 June
2006

CONTINUED GOOD GROWTH IN REVENUES AND EARNINGS

Net turnover during the first half year has increased by 25 per cent and amounted to MSEK 171.5 (137.5). Adjusted for changes in exchange rates, growth amounted to 19 per cent.

Net turnover for the second quarter increased by 17 per cent to MSEK 93.5 (79.6). Adjusted for changes in exchange rates, growth amounted to 16 per cent.

Earnings for the first half year:

- the operating profit increased by 27 per cent to MSEK 32.6 (25.7)
 - the operating margin before depreciation and amortization (EBITDA – margin) amounted to 21 (20) per cent
 - the operating margin amounted to 19 (19) per cent
 - the profit before tax increased by 7 per cent to MSEK 33.0 (30.8)
 - the profit after tax increased by 3 per cent to MSEK 21.1 (20.4)
 - the earnings per share amounted to SEK 1.19 (1.14)
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Earnings for the second quarter:

- the operating profit increased by 28 per cent to MSEK 20.1 (15.6)
 - the operating margin before depreciation and amortization (EBITDA – margin) amounted to 23 (21) per cent
 - the operating margin amounted to 21 (20) per cent
 - the profit before tax increased by 5 per cent to MSEK 20.2 (19.1)
 - the profit after tax amounted to MSEK 12.8 (12.7)
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New customers secured during the first half year included Anglo American, Atlanta Gas & Light, Gtech, National Semi Conductor, Pacific Brands, Sanitas and US Cellular.

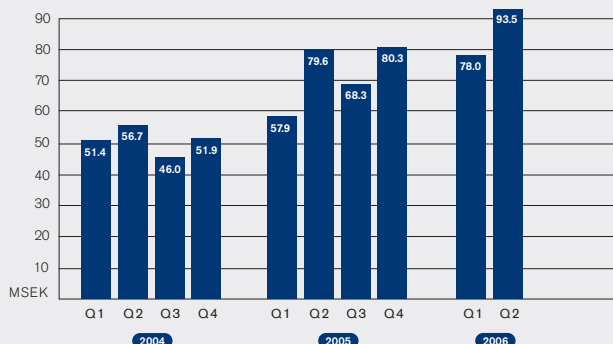
After the close of the period: BTS has signed a Letter Of Intent with respect to a possible acquisition of all of the business operation in The Advantage Performance Group (APG) and The Real Learning Company (RLC).

INTERIM REPORT 1 JANUARY–30 JUNE 2006

TURNOVER

BTS' net turnover increased during the first half year by 25 per cent and totalled MSEK 171.5 (137.5). Adjusted for changes in exchange rates, chiefly in USD, growth was 19 per cent.

NET TURNOVER PER QUARTER 2004–2006



EARNINGS

The Groups' profit before tax for the first half year increased by 7 per cent to MSEK 33.0 (30.8). Net financial income and expenses in the result before tax for the first half year of the previous year, included a positive currency effect of MSEK 4.4 attributable to the acquisition financing of SMG Learning Solutions. Adjusted for this currency effect, the profit before tax increased by 24 per cent during the first half year.

The operating profit increased by 27 per cent to MSEK 32.6 (25.7). The operating margin was 19 (19) per cent. During the first half year, the operating profit was affected by MSEK 1.6 (0.8) due to amortization of intangible assets attributable to prior acquisitions. On a rolling 12-month basis, the operating profit amounted to MSEK 55.6 (36.9) and the operating margin was 17 (16) per cent.

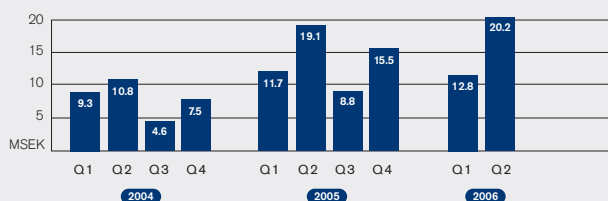
THE SECOND QUARTER

Turnover during the second quarter was MSEK 93.5 (79.6), an increase of 17 per cent compared with the corresponding period in 2005. Adjusted for changes in exchange rates, turnover increased by 16 per cent during the second quarter.

Growth during the first quarter of the year (24 per cent currency adjusted) was higher than during the second quarter (16 per cent currency adjusted), owing to the fact that the acquired SMG operation is only included as of February 14, 2005.

The profit before tax increased during the second quarter by 5 per cent and amounted to MSEK 20.2 (19.1) and the operating profit increased by 28 per cent to MSEK 20.1 (15.6). The operating margin was 21 (20) per cent. Net financial income and expenses in the profit before tax in the second quarter of the previous year, included a positive currency effect of MSEK 3.2 attributable to the acquisition financing of MG Learning Solutions. Adjusted for this currency effect, the profit before tax increased by 27 per cent during the second quarter.

PROFIT BEFORE TAX PER QUARTER 2004–2006



THE MARKET AND THE MARKET DEVELOPMENT

According to IDC – the leading market survey company – the market for “corporate training in business skills” will grow by 8 per cent on average during the period 2005 – 2009. BTS is of the opinion that the market segment for training based on simulation technology will grow more rapidly than the market in general. The companies that make up BTS' target group, i.e. large international companies and organizations, tend to have to deal with a faster rate of change, new technologies and new competition. As a result, they tend to invest more in the development and improvement of products and processes.

Training solutions based on tailor-made simulations have proved to be superior to conventional training as regards both efficiency and results – which explains why clients are increasingly choosing solutions of this kind.

Based on the development described above, the market for BTS' products and services has shown strong growth for the first half year of 2006 which is estimated to continue during the second half year of the year. In the United States, demand remains high for training-related services that support company change processes aimed at improving efficiency and profitability. The market in Europe is now characterized by increased demand.

For many years, BTS has been the leading player on the market for training conducted through tailor-made business simulations and currently has commissions from 26 of the 100 largest companies in the world, which should be compared with 22 during the corresponding period in 2005. BTS continues to capture market shares from players such as other training and management consultants and business schools and positions itself as the most effective partner to assist companies implement strategic changes.

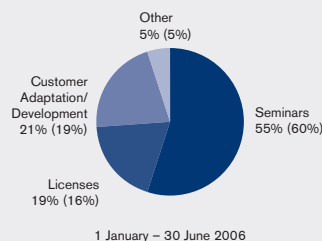
ASSIGNMENTS AND NEW CLIENTS

New clients secured during the first half year included, Anglo American, Atlanta Gas & Light, Coach, Gtech, National Semiconductor, Pacific Brands, Sanitas, Spainsoft, United States Investigative Services and US Cellular.

REVENUE DEVELOPMENT

During the first half year, the share of revenue from licences increased to 19 (16) per cent. The rise is chiefly attributable to the acquisition of Business Game Factory (BGF).

NET TURNOVER PER REVENUE



OPERATIVE UNITS

Net turnover per operative unit

MSEK	Apr-Jun 2006 (2005)	Jan-Jun 2006 (2005)	2005/06 Rolling 12 months	2005 Full Year
BTS North America	54.4 (46.7)	102.7 (82.5)	196.4	176.2
BTS Europe	34.6 (27.5)	60.2 (45.8)	103.0	88.6
BTS Other markets	4.5 (5.4)	8.6 (9.2)	20.7	21.3
Total	93.5 (79.6)	171.5 (137.5)	320.1	286.1

Operating profit per operative unit

MSEK	Apr-Jun 2006 (2005)	Jan-Jun 2006 (2005)	2005/06 Rolling 12 months	2005 Full Year
BTS North America	12.1 (7.7)	19.9 (13.8)	33.3	27.2
BTS Europe	7.5 (6.9)	12.4 (10.4)	19.9	17.9
BTS Other Markets	0.5 (1.0)	0.3 (1.5)	2.4	3.6
Total	20.1 (15.6)	32.6 (25.7)	55.6	48.7

BTS North America

During the first half year, net turnover for BTS' operations in North America totalled MSEK 102.7 (82.5). In local currency, turnover increased by 17 per cent. The operating profit improved to MSEK 19.9 (13.8). The operating margin was 19 (17) per cent. For the second quarter, net turnover in the local currency increased by 15 per cent compared to the corresponding period in 2005. The operating margin for the second quarter was 22 (17) per cent.

BTS Europe

Net turnover for BTS Europe totalled MSEK 60.2 (45.8) for the first half year. In local currency, turnover increased by 30 per cent. The operating profit increased to MSEK 12.4 (10.4). The operating margin was 21 (23) per cent. The net turnover for the second quarter amounted to MSEK 34.6 (27.5), in local currency, turnover increased 26 per cent. The operating margin was 22 (25) per cent.

BTS Other markets

During the first half year, the net turnover for BTS Other Markets decreased to MSEK 8.6 (9.2). The operating margin was 3 (16) per cent. The operating profit amounted to MSEK 0.3 (1.5). The net turnover for the second quarter totalled MSEK 4.5 (5.4). The operating profit amounted to MSEK 0.5 (1.0) and the operating margin was 11 (19) per cent.

The negative performance during the first half year was due to an earnings deterioration in Australia. Earnings in South Africa has been unsatisfactory. Improved and strengthened sales efforts are having a positive effect however and both operations are expected to generate revenue and earnings growth during the second half of the year.

FINANCIAL POSITION

BTS' cash flow from current operations totalled MSEK -5.3 (-13.1) for the first half year. The cash flow during the first half year is well in line with the seasonal variations that typically affect BTS' cash flow figures, with a weaker first half-year and a stronger second half-year.

BTS' net financial items were MSEK 0.4 (5.1) for the first half year. The net financial items in the profit before tax for the first half of the previous year included a positive currency effect of MSEK 4.4 attributable to the acquisition financing of SMG Learning Solutions.

At the end of the period, BTS' solidity was 69 (73) per cent.

Available liquid funds totalled MSEK 70.5 (61.1) at the end of the period.

At the balance sheet date, the Company had no outstanding conversion loans or warrants.

EMPLOYEES

The number of employees in the BTS Group AB on 30 June was 159 (144).

The average number of employees during the period was 154 (135).

THE PARENT COMPANY

The Company's net turnover totalled MSEK 1.3 (0.5) and the profit after net financial items amounted to MSEK 9.1 (5.1). Liquid funds totalled MSEK 13.9 (20.3).

PROSPECTS FOR 2006

Based on continued strong market conditions for BTS, the profit before tax is expected to be better than in the previous year.

SHARE SPLIT (SPLIT)

At the BTS Annual General Meeting on 7 April 2006, it was decided to implement a share split (so-called split), which involves three new shares being issued for each old share. Number of shares before the split: 5,897,300, number of shares after the split: 17,691,900. Monday, 8 May 2006 was the first day for trading in the BTS share after the implemented split.

SIGNIFICANT POST BALANCE SHEET EVENTS

On 4 August, BTS announced via a press release that it had signed a Letter Of Intent regarding the possible acquisition of the businesses of The Advantage Performance Group (APG) and The Real Learning Company (RLC); two privately held, highly respected US based training and consulting organizations. The finalization of the acquisition process is pending the completion of a successful due diligence, definitive agreements and final board approval. The process is anticipated to be finalized in September 2006.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Reporting and RR 31 Interim Consolidated Reporting. The accounting principles and calculation methods applied are in line with the accounting principles used in the preparation of the most recent financial statements. Future IFRS that have been approved by IASB but have not yet come into effect are currently evaluated as having no material effect on the Group's income statement and balance sheet.

UPCOMING REPORTING DATES

Interim Report January – September 19 October 2006
Year-end report February 2007

Stockholm, 23 August 2006

Henrik Ekelund
Chief Executive Officer

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**INTRODUCTION**

We have conducted a review of the accompanying interim report for the BTS Group as at 30 June 2006 and of the statements pertaining to the result, change in shareholders' equity and change in cash flow during the six month period that ended on that date as well as a summary of important accounting principles and other supplementary disclosures. The company's management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

THE OBJECTIVE AND SCOPE OF THE REVIEW

We have conducted a review in accordance with the International Standard on Review Engagements 2410, *A review of Interim Financial Information performed by the auditor chosen by the company*, which is issued by FAR. A review of interim financial information consists of making inquiries, primarily of persons with responsibility for financial and accounting matters, conducting analytical and other audit checks.

A review has another objective and is of considerably lesser scope, compared with the objective and scope of an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The audit checks that are carried out in a review do not enable us to obtain such a level of assurance that would make us aware of all of the material circumstances that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not provide the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, no circumstances have arisen that give us reason to consider that the accompanying interim financial information does not essentially provide a true and fair view of the company's financial position as at 30 June 2006 and of its financial performance and cash flow for the six month period which ended on that date pursuant to IAS 34.

Stockholm, 23 August 2006

Öhrlings PricewaterhouseCoopers

Lars Berglund
Authorized Public Accountant

CONTACT INFORMATION

Henrik Ekelund	CEO	Phone +46 8 5870 7000
Stefan Brown	CFO	Phone +46 8 5870 7062
Thomas Ahlerup	SVP Corporate Communications	Phone +46 8 5870 7002 mobile +46 768 966 300

For additional information, visit our Web site at www.bts.com

BTS Group AB (publ)
Grevgatan 34
114 53 Stockholm
SWEDEN
Phone. +46 8 5870 7000
Fax. +46 8 5870 7001
Company reg. no. 556566-7119

This is a translation of the Swedish version.

INCOME STATEMENT, SUMMARY

KSEK	3 months ended		6 months ended		12 months ended	
	30 Jun 2006	30 Jun 2005	30 Jun 2006	30 Jun 2005	30 Jun 2006	31 Dec 2005
Revenues	93 474	79 628	171 510	137 521	320 108	286 119
Operating expenses	-72 087	-62 781	-136 276	-110 323	-259 535	-233 582
Depreciation on tangible assets	-542	-453	-1 093	-745	-2 120	-1 772
Depreciation on intangible assets	-769	-756	-1 575	-756	-2 888	-2 069
Operating result	20 076	15 638	32 566	25 697	55 565	48 696
Financial income and expenses	107	3 528	441	5 135	1 668	6 362
Result before tax	20 183	19 166	33 007	30 832	57 233	55 058
Taxes	-7 391	-6 419	-11 918	-10 473	-19 726	-18 281
Result for the period	12 792	12 747	21 089	20 359	37 507	36 777
attributable to minority interest	0	99	11	150	-5	134
attributable to equity holders of the parent	12 792	12 648	21 078	20 209	37 512	36 643
Earnings per share, before dilution of shares, SEK	0.72	0.71	1.19	1.14	2.12	2.07
Number of shares at end of the period	17 691 900	5 897 300	17 691 900	5 897 300	17 691 900	5 897 300
Average number of shares before dilution of shares	17 691 900	5 897 300	17 691 900	5 897 300	17 691 900	5 897 300
Earnings per share, after dilution of shares, SEK	0.72	0.71	1.19	1.14	2.12	2.07
Average number of shares after dilution of shares	17 696 080	5 897 300	17 696 080	5 897 300	17 696 080	5 897 300
Dividend per share						0.92

(Prior year's earnings per share and dividend per share have been adjusted by a correction factor of 0.3333 due to the split 3:1 in May 2006)

BALANCE SHEET, SUMMARY

KSEK	2006-06-30	2005-06-30	2005-12-31
Assets			
Goodwill	33 825	20 390	35 683
Other intangible assets	12 558	14 098	15 295
Tangible assets	5 343	5 216	5 435
Other fixed assets	2 271	1 716	1 726
Accounts receivable	71 192	67 880	64 198
Other current assets	19 083	15 369	14 490
Cash and bank	70 482	61 057	101 145
Total assets	214 754	185 726	237 972
Equity and liabilities			
Equity	147 604	135 640	151 468
Minority shareholding	463	444	405
Total Equity	148 067	136 084	151 873
Non interest bearing – non current liabilities	132	458	169
Interest bearing – current liabilities	-	-	2 075
Non interest bearing – current liabilities	66 555	49 184	83 855
Total equity and liabilities	214 754	185 726	237 972

CASH FLOW STATEMENT, SUMMARY

KSEK	Jan-Jun 2006	Jan-Jun 2005	Jan-Dec 2005
Cash flow from current operations	-5 344	-13 104	37 455
Cash flow from investment activities	-2 527	-35 349	-42 382
Cash flow from financing operations	-17 296	-9 594	-12 316
Change in liquid funds	-30 663	-49 420	-9 332
Liquid funds, opening balance	101 145	110 477	110 477
Liquid funds, closing balance	70 482	61 057	101 145
Effect of exchange rate changes on cash	-5 496	8 627	7 911

CHANGES IN EQUITY

KSEK	Total Equity 2006-06-30	Total Equity 2005-06-30	Total Equity 2005-12-31
Opening balance	151 873	116 812	116 812
Dividend to shareholders	-16 218	-9 436	-9 436
Conversion differences	-9 155	8 349	7 720
Miscellaneous	478	-	-
Result for the period	21 089	20 359	36 777
Closing balance	148 067	136 084	151 873

KEY RATIOS

	Apr-Jun 2006	Apr-Jun 2005	Jan-Jun 2006	Jan-Jun 2005	12 months ended 30 Jun 2006	31 Dec 2005
Revenues, KSEK	93 474	79 628	171 510	137 521	320 108	286 119
Earnings before interest, tax, depreciation and amortisation (EBITDA), KSEK	21 387	16 847	35 234	27 198	60 574	52 537
Operating result (EBIT), KSEK	20 076	15 638	32 566	25 697	55 565	48 696
Earnings before interest, tax, depreciation and amortisation margin (EBITDA-margin), %	23	21	21	20	19	18
Operating margin (EBIT-margin), %	21	20	19	19	17	17
Profit margin, %	14	16	12	15	12	13
Operational capital, KSEK	78 397	75 028	78 397	75 028	78 397	52 804
Return on equity, %	33	39	28	32	25	27
Return on operational capital, %	25	23	50	63	85	165
Solidity at end of the period, %	69	73	69	73	69	64
Cash flow, KSEK	-4 325	-7 585	-30 663	-49 420	9 425	-9 332
Liquid funds at end of the period, KSEK	70 482	61 057	70 482	61 057	70 482	101 145
Average number of employees	157	144	154	135	151	143
Number of employees at end of the period	159	144	159	144	159	150
Revenues for the year per employee, KSEK	2 382	2 212	2 227	2 037	2 120	2 001

DEFINITIONS

Earnings per share

Earnings attributable to the parent company's shareholders divided by number of shares (prior year's earning per share adjusted by a correction factor of 0.3333 due to split 3:1 of shares in May 2006).

Earnings before interest, tax, depreciation and amortisation margin (EBITDA-margin)

Operating result before interest, tax, depreciation and amortisation as a percentage of revenues.

Operating margin (EBIT-margin)

Operating result after depreciation as a percentage of revenues.

Profit margin

Result for the period as a percentage of revenues.

Operational capital

Total balance sheet reduced by liquid funds and other interest bearing assets and reduced by non-interest bearing liabilities.

Return on equity

Result for the period (converted into whole year) as a percentage of average equity.

Return on operational capital

Operating result as a percentage of average operational capital.

Solidity

Equity as a percentage of total balance sheet.

Revenues for the year per employee

Revenues (converted into whole year) divided by average number of employees.

BTS Group AB is an international consultancy and training company active in the field of business acumen. BTS uses tailor-made simulation models to support company managers in implementing change and improving profitability. BTS solutions and services train the entire organization to analyze and to take decisions centered on the factors that promote growth and profitability. This generates increased emphasis on profitability and market focus, and supports day-to-day decision-making, which in turn leads to tangible, sustainable improvements in profits. BTS customers are often leading major companies.

