

 **BTS**

Catalysts for Profitability and Growth

Sydney, Australia



Stockholm, Sweden



New York/Stamford, USA



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INFORMATION FOR SHAREHOLDERS

Annual General Meeting 2007

The shareholders in BTS Group AB (publ) are hereby invited to the Annual General Meeting (Ordinary General Meeting) on Thursday, 3 May 2007 at 13.00 at the company premises, Grevgatan 34 5tr, Stockholm, Sweden.

Shareholders who wish to attend must be registered in the share book maintained by VPC no later than Thursday, 26 April 2007 and must notify BTS Group AB of their intention to attend no later than Friday, 27 April 2007, at 16.00.

Notification may be issued by phone, fax or e-mail, phone: +46 8 58 70 70 00, fax: + 46 8 58 70 70 01, ir@bts.com.

When issuing notification, shareholders are to state their name, personal registration or company registration number, address, telephone number and registered shareholding.

Nominee shareholders must temporarily register the shares in their own name with VPC AB to be entitled to participate in the Annual General Meeting Requests for such registration must be made in good time before Thursday, 26 April 2007.

DIVIDEND

The Board proposes a dividend of SEK 1.00 per share.

REPORTS AND FINANCIAL INFORMATION 2007

Interim reports

January-March	May 3 2007
January-June	August 22 2007
January-September	November 8 2007
Year end report	February 2008

The reports listed above are available on request from BTS Group AB, Grevgatan 34, 114 53 STOCKHOLM, SWEDEN, Phone. +46 8 587 07 000, Fax: +46 8 587 07 001, e-mail ir@bts.com

Financial information from BTS Group AB is also published on the Internet at www.bts.com

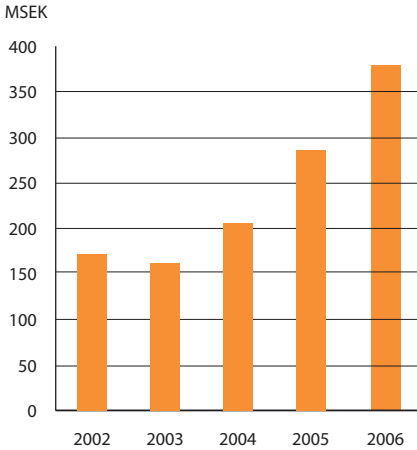
DEFINITIONS

BTS Group AB BTS Group AB (publ)
BTS, the Company BTS Group AB with
or the Group subsidiaries (unless the context implies otherwise)

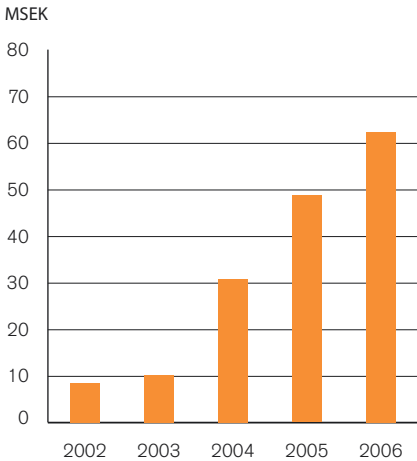


Catalysts for Profitability and Growth

BTS' Revenues 2002-2006



BTS' Operating Profit 2002-2006



■ **Vision:** The World's Leading Learning & Development Consultancy – innovating how companies change, learn and improve

■ **Mission:** We partner with our clients to accelerate change and improve business results

■ **Value Proposition:** We develop the mindset and capabilities that your people need to accelerate change and improve business results

BTS make sure this delivers superior results and ROI through:

- Discovery-based solutions - "Learning by doing" – the most effective way to learn and change
- In-depth customization – to what is relevant and actionable on the job
- A comprehensive process that secures and measures the results.

■ **Global corporations as our customers**

BTS currently works with more than 350 companies around the world that operate in sectors such as Manufacturing, Telecom, IT, Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution and Energy. More than 25 of the worlds's largest corporations measured in market capitalization are BTS customers. Examples of our customers are:

- | | | |
|--------------|-----------|-------------------|
| Accenture | Ericsson | Philips |
| AOL | GE | Roche |
| Astra Zeneca | IBM | Sanitas |
| Boeing | Maersk | Sony |
| Cisco | Merck | Texas Instruments |
| Coca-Cola | Microsoft | Toyota |
| Carlsberg | Nokia | Xerox |

BTS in the world



Chicago, USA



Melbourne, Australia

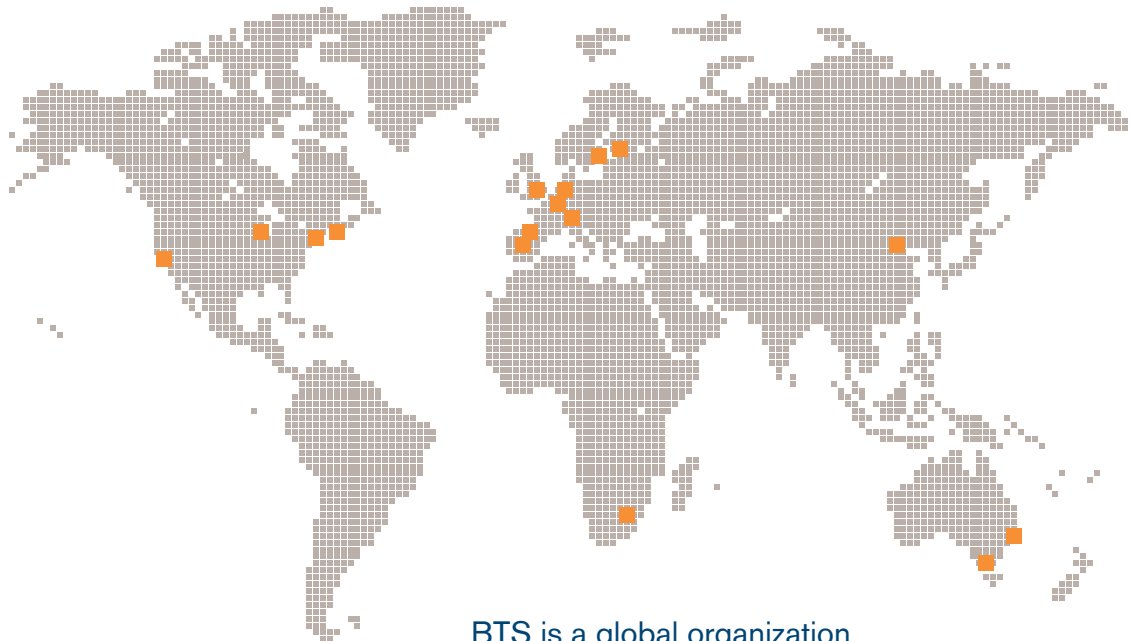


Johannesburg, South Africa

The BTS Group is an international consulting and learning company

We partner with our clients to accelerate change and improve business results. We are world leading in business simulations and other discovery-based solutions for learning and development which supports companies' measures for change relating to:

- New strategies and key performance indicators
- Revised business objectives
- Process-efficiency improvements
- Leadership and sales development programs
- Merger and acquisition processes



BTS is a global organization with offices in North America, Europe, Asia and Africa.



Helsinki, Finland



Bilbao, Spain



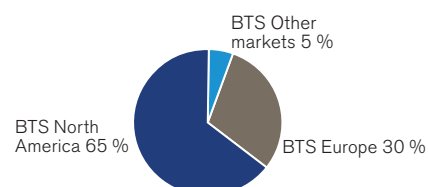
Brussels, Belgium

The year in brief

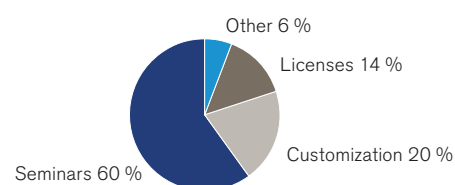
- Net turnover during the year increased by 32 percent and amounted to MSEK 379.1 (286.1). Adjusted for changes in exchange rates, revenue growth was 34 percent.
- Operating profit before amortization on intangible assets (EBITA) increased by 33 percent to MSEK 67.6 (50.8). Profit after tax increased by 5 percent to MSEK 38.6 (36.8).
- New clients acquired during the year included BBVA, Bank of America, EADS, Exxon Mobil, National Australia Bank, National Semi Conductor and US Cellular.
- Two new BTS offices were opened in Brussels, Belgium and Chicago, US.
- BTS acquired all business operations of The Advantage Performance Group (APG) and The Real Learning Company (RLC) during the year.

Key Ratios	2006	2005
Net turnover, KSEK	379,097	286,119
EBITA, KSEK	67,625	50,766
Operating profit, KSEK	62,355	48,696
Profit before tax, KSEK	61,005	55,058
Profit after tax, KSEK	38,584	36,777
EBITA margin, %	18	18
Operating margin, %	16	17
Profit margin, %	10	13
Operational capital, KSEK	184,008	52,804
Return on equity, %	24	27
Return on operational capital, %	53	165
Solidity at the end of the year, %	45	64
Cash flow from current operations, KSEK	41,120	37,455
Cash flow, KSEK	-29,091	-9,332
Liquid funds at the end of the year, KSEK	72,054	101,145
Average number of employees	165	143
Number of employees at the end of the year	186	150
Net turnover per employee, KSEK	2,298	2,001

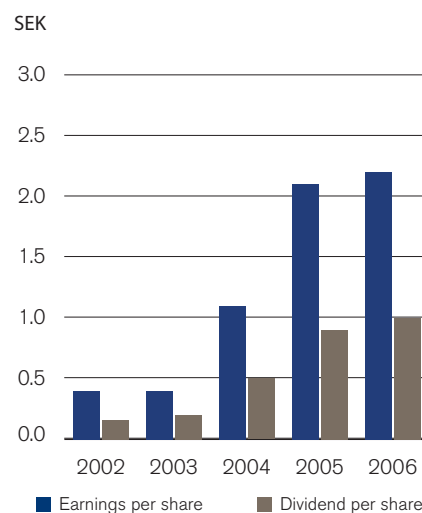
Net turnover per operational unit (%), 2006



Net turnover by source of revenue (%), 2006



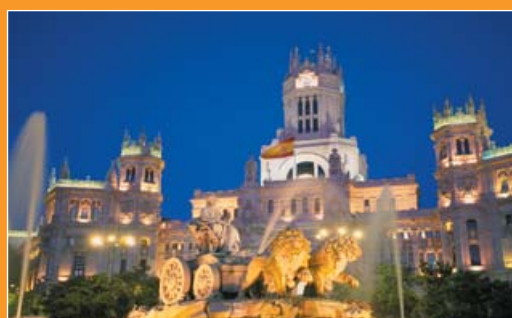
Earnings and dividend per share, SEK



* The above figures have been adjusted by a correction factor of 0,3333 due to the split 3:1 in May 2006.



Philadelphia, USA



Madrid, Spain



Scottsdale, USA

Words from the CEO

“Continued profitable growth”

2006 was another successful year for BTS. Revenues grew 32 percent and operating profit 28 percent. We doubled our clientbase, sales organization and portfolio of products and solutions – which gives us a strong position and a broader base for further profitable growth.



The growth of BTS during the last 10 years has averaged 16 percent per year, of which 14 percent has been organic. During the last three years BTS growth has averaged 33 percent per year, of which 19 percent has been organic. All ten years have included profitable growth, and during the last three years the EBIT margin has averaged 16 percent.

There are several drivers behind our sustainable, profitable growth:

- We operate on a growing market
- Our offering has strong competitive advantages
- We carry out acquisitions well on a fragmented market
- Our people are the best in the industry.

Globalization and increased competitive pressure drives growth in the corporate training market...

When Cingular and AT&T Wireless integrate as a result of one of the world's largest mergers ever...

When Sony Ericsson develops its leaders to be equipped to deliver future, profitable growth...

When Juniper Networks drives a cultural shift in its 2,000 people worldwide sales force to evolve with the changing trends in their market...

When Norway Post creates a more profitable, business-oriented company prepared for change.....

...they all decide that investments in the capabilities and competencies of their people are critical to success. This is a development and an approach that apply across industries and geographies; which is why our market is growing 5-8 percent per year.

...but the traditional methods are losing market share

Traditional training comes in formats like lectures, power points, binders and group discussions. These can be interesting and stimulating exercises but the necessary results are not delivered; the job doesn't get done. The job gets done when the participants, the learners, change their business behavior leading to positive business results.

Research shows that such results are achieved when adults learn by doing through practical exercises in an environment closely connected to their job, while having a clear goal and motivation to change. The approach of BTS works in harmony with these well-researched principles of success.

This is why companies like Cingular Wireless, Sony Ericsson, Juniper Networks and Norway Post choose to work with BTS to accelerate change and improve business results.

Customers are buying more from BTS

Our value proposition is to develop the mindset and capabilities your people need to accelerate and improve business results. We make sure this delivers superior results and ROI to our customers through:

- Discovery-based solutions – Learning by doing – the most effective way to learn and change
- In-depth customization – to what is relevant and actionable on the job
- A comprehensive process that secures and measures the business impact.

All our solutions are built on “Learning by Doing”; participants learn through discovery-based solutions – via IT-based simulations, manual simulations, learning maps, EngageMaps – in the classroom or online.

The solutions are customized to each customer's business and goals. The results are secured through a thorough preparation, execution and follow-up process for each learner in co-operation with his/her manager.

We offer our clients a broad range of solutions covering business acumen, leadership and sales. We offer global coverage and a relentless focus on quality and results. We have a world-class organization of top-quality people.

Our vision

When BTS was founded we set as a vision to become “world leader in business simulations”. We achieved this vision in 2004. Our new vision includes becoming the World's Leading Learning & Development Consultancy – innovating how companies change, learn and improve.

This vision holds an exciting challenge for us. Based on our position today in terms of client base, portfolio of products and solutions and our people we are convinced that we will achieve it.

Organic growth is our base

The foundation and majority of our growth is organic – expansion of existing offices, geographical expansion in the form of new offices and continuous development of new products and solutions.

During 2006, revenues from existing offices grew significantly. We also opened new offices in Brussels and Chicago and launched a large number of new solutions and products.

BTS still has a low market penetration, and we have a strong base for further organic growth.

Our acquisitions continue to be successful

In recent years, we have also learned that we can grow successfully in our highly fragmented market place through acquisitions.

So far, we have completed five successful acquisitions:

- In January 2002, BTS Australia was founded based on an acquisition which to date has grown fourfold.
- In August 2003, BTS Spain was founded based on an acquisition which to date has grown threefold.
- In February 2005, SMG in Philadelphia was acquired. SMG experienced heavy losses and negative growth before the acquisition. SMG has showed strong margins and some growth after the acquisition both in 2005 and 2006; and provided a wealth of intellectual property in new products and solutions.
- In December 2005, BGF in Helsinki was acquired. BGF showed losses and negative growth in 2005; but it returned to strong growth and healthy margins during 2006.
- In September 2006, The Real Learning Company (RLC) in Scottsdale, Arizona, and The Advantage Performance Group (APG) in Tiburon, California, were acquired. During Q4 of 2006, both these companies have showed better growth, results and margins than after the acquisition.

To summarize – these five successful acquisitions help drive profitable growth and add new solutions, markets and talent – which creates a broader base for continued growth.

We plan to continue on this route. Our market place is very fragmented, and there are many opportunities for attractive acquisitions. BTS has a competitive advantage through its track-record in well-implemented integration processes, which now increases the number of opportunities we get exposed to.

The acquisitions of APG and RLC

These acquisitions, carried out in the end of September last year, bring two of the elite US companies in our sector – APG and RLC – both renowned for their customer satisfaction and innovation – into the BTS family. The combination of our organizations creates a stronger foundation for continued organic growth both in the US market and globally.

RLC's innovative suites of solutions in sales and leadership development, combined with the BTS portfolio, form a complete range of solutions within business acumen, leadership and sales that we can offer to our global customer base.

The addition of APG's more than 200 customers, 40 franchise partners – and over 100 independent facilitators creates a very strong market force in the US. APG's business model based on strong individual incentives and a high proportion of variable costs is very attractive.

To summarize, there are five main advantages with these two acquisitions:

1. We buy two companies with long, solid track records of profitable growth.
2. We add 200 new customers and a high-performing, entrepreneurial sales force.
3. We add a large number of new solutions which we can sell to BTS customers.
4. Our combined total offering is broader and more attractive, which makes it easier for us to gain new customers.
5. We welcome a large number of experienced, talented employees.

We have already capitalized on all five advantages; earnings in APG and RLC grew significantly in Q4, we have closed about ten cross-selling deals, the co-operation is working well and we are gaining new customers as a result of our broader offering.

Prospects for the future

We have a long history demonstrating our capacity of sustainable organic growth, and in recent years we have also gained experience from successful acquisitions. Our market continues to grow. Our market penetration is still very low. We are in a stronger position than ever before to deliver value to our customers and compete in the market place.

Based on continued strong market conditions for BTS and the completed acquisitions, the profit before tax for 2007 is expected to be significantly better than the previous year.

Stockholm, March 2007



Henrik Ekelund
President & CEO of BTS Group AB

Vision, mission, value proposition, goals and strategies

Our Vision:

"The World's Leading Learning & Development Consultancy - innovating how companies change, learn and improve"



Financial goals

BTS' financial goals are:

- To return annual organic growth in net turnover of at least 25 percent.
- To achieve a long-term sustainable operating margin before amortization of goodwill of at least 12 percent.
- To maintain net cash reserves equivalent to at least two month's operating costs at all times, and to ensure that the equity ratio does not fall below 50 percent for extended periods.

BTS Value Proposition

We develop the mindset and capabilities that your people need to accelerate change and improve business results.

We make sure this delivers superior results and ROI through:

- Discovery-based solutions/Learning by Doing – the most effective way to learn and change
- In-depth customization – to what is relevant and actionable on the job
- A comprehensive process that secures and measures the results

The BTS Group's Eleven Strategic Principles

1. Focus

BTS is a learning & development consultancy. Our world-class capability is our focus; to customize and deliver discovery-based solutions which give our clients superior business results and ROI. Every new solution/service we develop shall – build on the core competencies of BTS.

2. Internationalization

BTS is a global organization, providing services around the world to a client base of mainly international organizations.

3. Organic growth complemented by acquisitions

BTS grows organically, building on its core competencies and customer base. Acquisitions must provide major synergies and complement with new markets, new customer bases and new areas of expertise/solutions.

BTS enters new geographies and new areas with a customer-driven approach – revenues and customers first, cost second.

4. Top clients and long-term partnerships

BTS clients shall pre-dominantly be high-image /large clients – and the most demanding and professional clients.

BTS establishes long-term partnerships with clients, built on delivery of top quality & highly visible results and strong customer relations.

By leveraging our portfolio of solutions and capabilities we build suites of solutions used throughout our client's organizations – resulting in a recurring and growing flow of revenues – over a long period of time.

5. Differentiation – higher value & premium position

BTS' services are differentiated through superior business results and ROI. The most common differentiation factors for BTS are:

- Discovery-based learning
- Customization
- Results process
- Customer intimacy & focus
- Great people driven by excellence and quality
- Global coverage
- Broad range of solutions
- Innovation

6. Offer solutions and IP – not sell time

BTS' prices are generally fixed and not set per unit of time.

BTS capitalizes on its IP (Intellectual Property) – creating recurring revenues and license revenues striving to increase their share of total sales.

7. Network-oriented sales and marketing

BTS continuously increases the quantity and improves the quality of resources dedicated to client contacts and sales. These are key drivers of growth for BTS.

Our priorities:

1. Existing clients and account management
2. New targets generated through the network of existing clients
3. Qualified new targets that can profit from our competitive advantages

8. Value chain – Focus on strategic assets and high value

BTS owns and sources internally

- IP
- Customization
- Client contacts
- High level/critical delivery

BTS uses independent resources and contractors – to gain access to expertise and for optimal resource planning – in order to maximize quality and productivity.

BTS builds partnerships in order to get access to customers and combine capabilities.

9. One company – One best practice

BTS has detailed processes and best practice exchange to ensure compatible methods throughout the Group – leveraging the company's knowledge and increasing productivity. We deliver well-coordinated and integrated services across the globe.

We combine two approaches:

- Create a pull for communication and learning
- Provide a knowledge management system with easily accessible information, checklists and "how to".

10. Innovate! And develop close to the customer

BTS invests in development to cover key needs of our clients and to provide the best solutions. BTS develops existing and new solutions in joint projects with clients to secure an effective and client-needs driven innovation.

11. The people and the company spirit

BTS professionals are all very visible to the client and the spirit is a main driver of client satisfaction. BTS emphasises a positive and professional company culture expressed in six core values.

Recruitment, development and motivation of our people – creating business-focused high performers throughout the organization – is a key driver of growth.

Our Mission:

We partner with our clients to accelerate change and improve business results.





Kassa

Orderkort
Nr 1 - Kvarter 1

Orderkort
Nr 1 - Kvarter 3

Tagna
Orderkort

Lån
Ranta

Nr 1	Nr 2	Nr 3

Kundernas pengär

Hantering Import

Trafikkontor

Hantering

Grundkostnad

Produktionskostnad

Kvarter 1	+		=	
Kvarter 2	+		=	
Kvarter 3	+		=	
Kvarter 4	+		=	
Totalt			=	

Total kapacitet		Last faktor %	
Nr 1			
Nr 2			
Nr 3			

Growth, profitability and acquisitions

Continuous growth

BTS has delivered profits every year since its foundation in 1986. The growth of BTS during the last 10 years averages 16 percent per year, of which 14 percent has been organic. During the last three years, BTS growth has averaged 33 percent per year, of which 19 percent has been organic. The company has achieved this irrespective of market conditions, and despite substantial costs for acquisitions and investments in product development and market establishment around the world. To a large degree, this development is based on the dynamic business model and the entrepreneur-driven organization.

In the late 90's BTS successfully managed to expand its customer base and to build close customer relationships. Good market conditions, new product initiatives as well as new offices in the US, UK, Finland and South Africa played a major role in the company's growth during the period. When the market conditions worsened between 2001 and 2003, BTS managed to maintain a healthy level of revenues - despite the unfavourable business climate - through adhering to its previously established, successful long-term strategy.

New initiatives

In those difficult market conditions between 2001 and 2003, BTS successfully managed to reinforce the business for future growth and profitability by implementing a range of new initiatives:

- New tailor-made business simulations were developed and sold to companies in four additional industries; financial services, pharmaceuticals & biotechnology, retail & distribution as well as energy.
- Expansion to two new markets: Australia and Spain.
- The sales organization was strengthened, as was the collaboration with strategically important external partners and distributors.
- The customer base expanded rapidly.

Increasing profits

BTS constantly strives to improve profitability. The changes and initiatives implemented by the company during the period of consolidation between 2001 and 2003 have, in combination

with increased focus on raising the proportion of revenues from licensing, laid a solid foundation for growth in revenues and profitability.

Targeted acquisitions

BTS expansion strategy is primarily built on organic growth. The company's acquisition strategy has strengthened its position even further. BTS strategy for acquisitions aims to create a broader base for future organic growth, while at the same time actively consolidating a highly-fragmented market and gaining opportunities to serve both existing and new customers with value-adding products and services.

During 2002 and 2003, the company has made a number of targeted, smaller acquisitions in different countries. They have all contributed positively to BTS consistent growth and strong financial results.

Acquisitions 2005 and 2006

During the last two years, BTS has acquired The Strategic Management Group Learning Solutions (SMG, US, 2005), Business Game Factory (BGF, Finland, 2005), The Advantage Performance Group (APG, US, 2006) and The Real Learning Company (RLC, US, 2006).

These acquisitions have strengthened the company in several ways:

- By expanding in areas such as Leadership, Sales (the world's second largest training market after IT), and Operational Excellence, BTS has broadened its offering to clients as well as made the company less sensitive to fluctuations in the business climate.
- The new companies within the Group have added new training-related technologies and delivery methods.
- The acquisitions have significantly broadened the customer base.
- A wealth of new talent has been added.

As a result, BTS now is a more complete company with a strong foundation to reach its vision - "The World's Leading Learning & Development Consultancy - innovating how companies change, learn and improve".

BTS has delivered profits every year since its foundation. Growth has averaged 16 percent the last 10 years, of which 14 percent has been organic. Acquisitions have built synergies with new solutions, new markets and new talents and helped to drive growth.

Five successful acquisitions

2002
BTS Australia founded through acquisition

2003
BTS Spain founded through acquisition

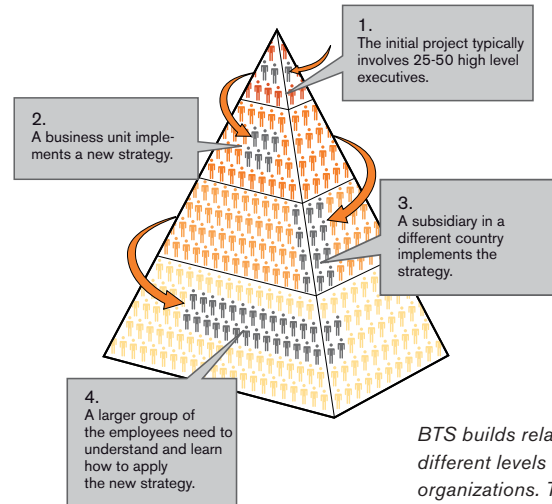
2005
Acquisition of SMG, Philadelphia, US

2005
Business Game Factory, Helsinki, Finland

2006
Acquisition of The Real Learning Company, Scottsdale, Arizona and Advantage Performance Group Tiburon, California

Business model

The foundation of BTS' successful growth and profitability rests on quality focus, long-term customer relationships and network-based marketing.



BTS builds relationships at different levels in the clients' organizations. Through these relationships new projects are continuously generated.

Growth

Long-term customer relationships

The foundation for growth lies in BTS' ability to create long-lasting customer relationships at different levels in the client organization.

An initial BTS customer assignment is often designed for and implemented with the client company's senior executives and key employees. This customization process is carried out in close co-operation with the client.

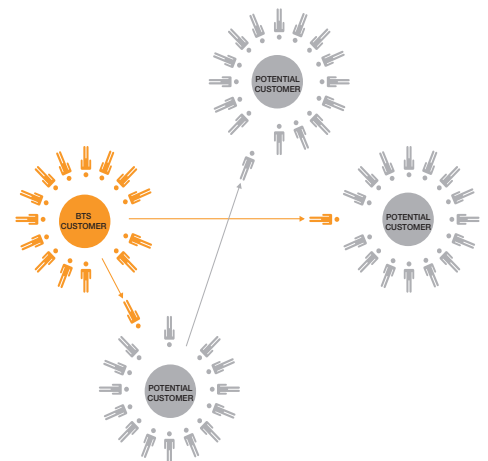
Outstanding results, well over clients' expectations, of an initial project often leads to a second phase during which the client asks for customized solutions for broader groups of managers and employees at different levels throughout the organization.

Network-based marketing

BTS employs a network-based marketing approach covering a number of selected industries. The most important way of maintaining valuable customer relationships is by building a network consisting of people who have completed one or more of BTS business programs.

This network, made up of both those who make strategic decisions about training and those who actually purchase solutions, helps generate opportunities for new assignments and customers.

When BTS approaches a new industry, it initially focuses on a few leading corporations. Once assignments are completed for these companies, they will serve as reputation-boosting reference projects for new sales to other organizations in the same industry.



BTS values its customer relations. Participants in the company's business programs are important future customers. New commissions often result from former course participants changing jobs or companies and calling on BTS from their new position.

Multi-market expansion with limited risk

BTS continuously expands its business operations to new markets around the world. BTS works with multinational clients and implements projects in a large number of countries – without necessarily having an established local office in every market.

Existing customer relationships make up the foundation when BTS starts up operations in a new market; a fact which reduces the expansion risk. In addition, BTS works hard to nurture relationships with other large corporations active in the targeted markets.

Once business has grown to sufficient volumes in a new market and the future potential appears attractive, BTS can take a logical step and open up a new, local office.

Acquisition strategy

BTS' growth strategy is primarily built on organic growth. Over the past few years the company has made a number of acquisitions in different countries.

BTS' strategy for acquisitions is built on creating a broader base for future organic growth while at the same time actively consolidating a highly-fragmented market. The goal is to offer more services to both existing and new customers. All acquisitions have resulted in cross-selling. This is a result of conscious efforts to identify new business opportunities based on needs within the extended customer base. The training of account managers as well as needs-focused discussions with individual clients has played an important role in this process.

Revenue mix

Developing the revenue mix

BTS revenues originate from three areas:

- Customizations
- Instructor-led seminars
- Licences

BTS works continuously to develop and combine different methods of training delivery to ensure optimal, value-added customer benefits, and at the same time strengthen its own revenue streams and profitability.

Efficient customizations

In collaboration with customers, BTS customizes both the content and the form of its business programs. The company has successfully improved its profitability by increasing the efficiency of the customization process. This improvement is a result of advancements and fine-tuning of development methods as well as increased reuse of previous development work.

When BTS develops solutions for corporations in new industries, the cost for customization initially rise. With the later reuse of experience and skills, however, these costs subsequently fall.

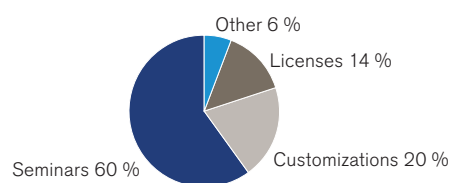
Seminars – the majority of revenues

Instructor-led seminars still comprise the greatest source of revenue for BTS and are the dominant form of business delivery. The BTS consultants are very much involved throughout the whole customization process, and, during delivery, they facilitate these solutions in seminars.

Increased licensing revenue

BTS also delivers its solutions via web, CD-ROM or as manual board solutions. The goal is to increase revenue streams from licenses. License-based business simulations are very efficient learning tools for customers – they make it possible to reach large groups of employees in organizations, all over the world and at all levels. At the same time, it is a profitable line for BTS.

Net turnover by source of revenue



Customers

BTS has been shown great confidence from a substantial number of the largest companies in the world. As customers' needs for change increase and BTS continues to develop new solutions, the company strengthens its relations with existing customers and attracts new ones.

Some examples of BTS customers are:

Accenture
AOL
AstraZeneca
BASF
Boeing
Cisco
Coca-Cola
Carlsberg
Ericsson
GE
Honeywell
IBM
Juniper
Maersk
Merck



Valuable client base

Largest companies in the world

BTS is the world leader on the market for tailor-made simulations centered on business acumen and strategic corporate management.

At present, BTS has about 400 active customers. More than 25 of the world's largest companies measured in market capitalization are customers of BTS.

Important customer relationships

BTS primarily targets globally active companies that employ a large number of people.

BTS sees great potential in growing with existing customers. The constant change pressure creates continuous demand for business training in areas related to strategy execution - in almost all industries worldwide. BTS sees considerable potential in its existing client base and expects demand to remain strong in the future.

Global customers in several sectors

BTS has built strong market positions within seven industries. During the 1990s, the company grew rapidly in manufacturing, telecom and information technology - with major global customers such as Philips, Ericsson and HP as BTS customers.

During the period of poor market conditions in the early 2000s, BTS expanded its positions by entering four additional industries; financial services, pharmaceuticals & biotechnology, retail & distribution, as well as energy. In this unfavourable business climate, BTS succeeded in adding multinationals such as Barclays, Honda and Centrica to its client list. In the last couple of years, BTS has grown quickly in the Fast Moving Consumer Product and Service sectors.



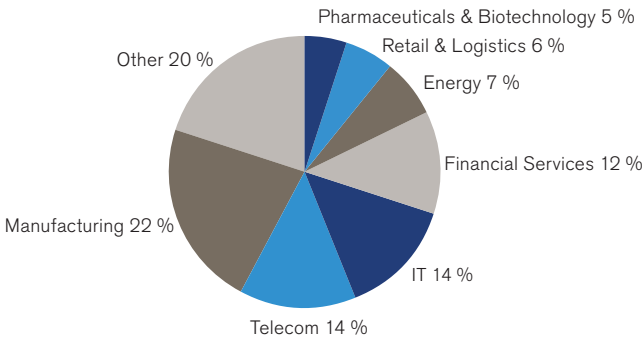
About 80 percent of annual revenues typically come from customers with whom BTS has worked during the previous years. Today, typical customer relationships range from 6 to 8 years - some times even longer.



IT	Telecom	Financial Services	Pharmaceuticals & Biotechnology	Retail & Distribution	Manufacturing	Energy	Other
Cisco	Ericsson	BBVA	Astra Zeneca	Federated	Boeing	Schlumberger	Maersk
IBM	Telstra Corporation	Norway Post	Roche	Paperlinx	Weyerhaeuser	Vattenfall	AOL
Microsoft	Nokia	Bank of America	Merck	Schneider	Philips		

Examples of BTS' customers in different sectors

Revenue source per sector, % of total, 2006



The pie chart shows revenue distribution between different sectors in 2006. The importance of sectors such as Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution and Energy has been increased through conscious diversification. The "Other" category includes candidates for BTS' new growth sectors.

- Microsoft
- Nokia
- Philips
- Norway Post
- Roche
- Sanitas
- Schlumberger
- Sony
- SonyEricsson
- Telstra Corporation
- Texas Instruments
- Toyota
- Vattenfall
- Weyerhaeuser
- Xerox

Why should a company buy from BTS?

1. A MAJOR MERGER

Cingular & AT&T Wireless

“How do we align the merging companies and execute faster to achieve the synergies?”

America's largest wireless company has partnered with BTS around the project “Getting to Great”, which is a merger integration initiative for Cingular's management team. The project objective is to align management behind the common strategies, goals and execution capabilities of the merged company. BTS have covered the top 1,200 executives and the mid 7,000 managers and the remaining organization through e-learning.

2. A NEW BUSINESS STRATEGY

Weyerhaeuser

“How do we get the organization behind our strategy – working in the same direction?”

A global forest products company reinvents itself during the past five years and partners with BTS for strategic alignment & buy-in to the new CEO's corporate strategy – The Roadmap for Success, with many new key initiatives.

3. TO GENUINELY UNDERSTAND OUR CUSTOMERS

Honda

“How can we give all our key people a backbone understanding of what drives the success of our customers?”

One of the leading manufacturers of automobiles and the leading manufacturer of motorcycles in the world. BTS has provided a unique car dealership simulation to 350 Honda sales consultants entitled “walking a mile in your customer's shoes”. It gives the participants strong AHA's of what drives the success of its customers – through an “inside experience”.

4. TO TRULY CHANGE A BUSINESS

Norway Post

“How do we change to a new business strategy, operation and culture?”

The background for the changes was a decline in the volume of letters, ongoing deregulation of the postal market, internationalization and an increase in competition. Therefore, a tailor made training initiative was implemented for 125 senior managers, 250 middle managers and 950 first line managers.

“We built simulations designed to prepare our managers for the change of behavior required,” says Kaare Frydenberg, former President of Norway Post.

5. ENHANCING BUSINESS ACUMEN

Cisco

“How do we develop the three pillars of business acumen; applying drivers of profit and value, a market-oriented approach and a helicopter view of the business?”

BTS has developed and implemented a customized business simulation for 450 managers from the global Cisco organization to develop the business acumen of the managers. The program is a part of Cisco's “Business Leadership Program”.



We partner with our clients to accelerate change and improve business results. In global companies all over the world, BTS' training solutions are an integral part of the client's most important strategic change projects.



6. DEVELOPING MORE EFFECTIVE LEADERS

Federated Department Stores (Macy's, Bloomingdale and more)

“How do we truly enhance our capability to lead and manage with better business results?”

One of the largest department store companies in the United States – it owns both Macy's and Bloomingdales. BTS developed and implemented a leadership program involving tailor-made business simulations to reinforce managers' understanding of how business and leadership decisions impact results and competitiveness.

7. IMPLEMENTING STRATEGIES

BG Group

“How do we implement new strategies in a successful and profitable way?”

A world leader in natural gas, where BTS supports executive management in corporate change processes and the implementation of new strategies with the objective to create a more successful and profitable company through real life, tailor made business simulations.

8. A SENIOR EXECUTIVE DEVELOPMENT PROGRAM

Tyco International

“How do our Senior Executives excel in business acumen?”

A global manufacturing and service company, where BTS is a partner in the development and delivery of a business acumen simulation as part of its Senior Executive Development Program. The leadership initiative targets the company's top executives.

9. DEVELOPING A WORLD CLASS SALES FORCE

Juniper Networks

“How do our sales people win more deals and more profitable deals?”

Juniper Networks partnered with BTS to drive a cultural shift through their 2,000 world-wide sales force to be more effective in today's market place. The initiative has led to the winning of significant amounts of new business.

10. DEVELOPING EFFECTIVE BUSINESS STRATEGIES

Centrica

“How can we improve the capacity to develop effective business strategies?”

BTS has developed a program for the 200 most senior executives at Centrica, UK's largest company in the field of energy and service for households. The objective was to deploy Managing for Value (MfV) to all areas of Centrica through the practical application of MfV theories, tools and methods, and improving the capacity of the senior executives to develop business strategies.

11. IMPROVING OPERATIONS

The Carphone Warehouse Group

“How can we improve profit and cash flow through better stock management?”

The largest retailer of mobile communications solutions in Europe. BTS has delivered board simulations to increase insight into how an improved stock management strategy would affect the company. A direct result of this project is that more than 300 separate measures were introduced to improve profitability.

The market



Currently, there is a strong demand for corporate training. Constant change pressure in all industries worldwide puts strategy execution at the top of the agenda. BTS' customized, discovery-based business solutions meet global corporations' needs to achieve efficient and action-oriented implementation of change.

Global market demand

Change pressure

Global corporations are facing increasing complexity and constant change pressure due to deregulation, globalization and technological advancements. As a result, executives need to prioritize readiness for change as well as strategic alignment and implementation.

Obviously, process excellence and strategy execution have always been crucial issues for executive management. But today's constant change pressure in all industries makes these challenges even more demanding.

According to a 2006 report from The Economist Intelligence Unit¹, the corporate strategies that top executives consider most important to drive revenue growth in their companies are:

- Acquiring new customers
- Building closer relations with existing customers
- Developing new products and services
- Entering new alliance relationships
- Entering and developing overseas markets
- Performance-improvement initiatives
- Achieving growth through mergers and acquisitions

BTS is a leading learning and development consultancy offering customized, discovery-based solutions in the areas of business acumen, sales, leadership and operational excellence – solutions that meet multinationals' needs within this context. This has led to BTS' success and that the company now has more than 25 of the 100 world's largest corporations, measured in market capitalization, on its client list.

Aligned business strategy

BTS supports top management in change processes and strategy execution with the objective to create more successful and profitable companies – by helping bridge the strategy-operational implementation gap.

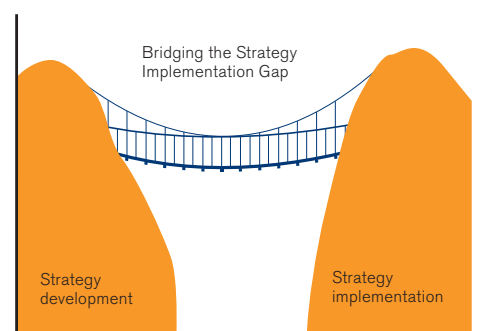
There is clear room for improvement when it comes to strategy execution in many companies. Formulating strategy is one thing. But executing it by implementing workable actions throughout an entire organization is the hard part – which is why strategy implementation often fails.

Relevant investments in people – to increase alignment and capability to execute – is a key approach used by corporations that manage to implement strategies and achieve objectives.

Industry convergence

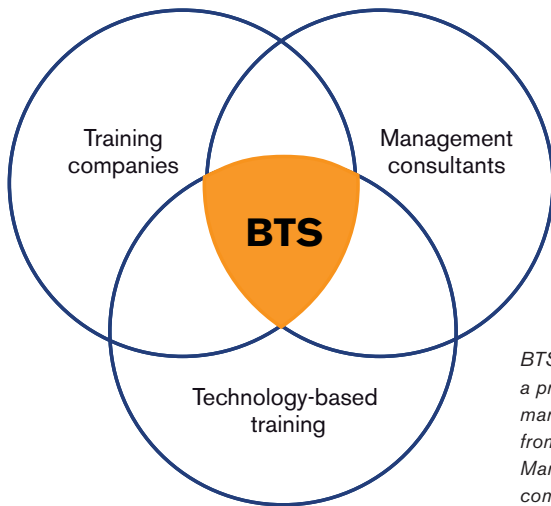
There is a growing market demand for knowledge-intensive service companies that supports global corporations' strategy-execution efforts – such as Management Consultants, Business-Skills Training and Technology-Based Training. This is where BTS and its discovery-based learning and development solutions fit in. BTS' solutions are creating and developing a profitable niche segment where these industries converge.

Thus, BTS is taking advantage of this convergence by combining and developing expertise from these three areas – while making sure to become a strategic partner to its clients in the process.



BTS' solutions for sales, leadership and operational excellence – help minimizing the strategy-operational implementation gap by strengthening readiness for change, by building alignment to business strategy, and developing capabilities to execute.

¹ CEO Briefing: Corporate Priorities for 2006 and beyond, The Economist Intelligence Unit, 2006.



BTS' solutions meet the needs in a profitable business niche in the market by combining expertise from different areas such as Management Consulting, Training companies and Technology-Based Training.

Intangible assets

Human & organizational capital

BTS' solutions help global corporations maintain and increase the value of their intangible assets in the form of human and organizational capital.

Accenture calculates that the value of intangible assets have increased from 20 percent of the value of companies in the S&P 500 in 1980 to around 70 percent today¹.

The best way to support this development is by capitalizing on, and investing in, intangible assets:

- Human capital such as skills, training and knowledge
- Organizational capital such as corporate culture, leadership, an aligned business strategy and teamwork

In addition, an Accenture/The Economist Intelligence Unit study² confirms that today's senior executives see managing intangible assets as a major issue: 94 percent consider the comprehensive management of intangible assets important; 50 percent consider it one of the top three management issues facing their company.

Global war for talent

Globalization and the growth of corporations require a growing number of well-educated, multifaceted individuals capable of competing in a multinational marketplace. But since the size of the available talent pool is shrinking,

this development has resulted in the "global war for talent".

As a result, it is becoming ever more important to keep managers and employees at all levels engaged and motivated – both intellectually and emotionally – when it comes to how they view their strategic and operational roles in their organizations.

In the US and in the major European economies, the retirement of baby boomers means that companies will lose large number of experienced workers over the next decade. Consequently, corporations will have to compete for young job candidates, learn to find and manage new sources of talent as well as train new employees as soon as they have hired them.

Many knowledge workers

As "knowledge workers" now represent a large and growing percentage of the employees of the world's biggest corporations, we will see growing needs to meet their business-training demands.

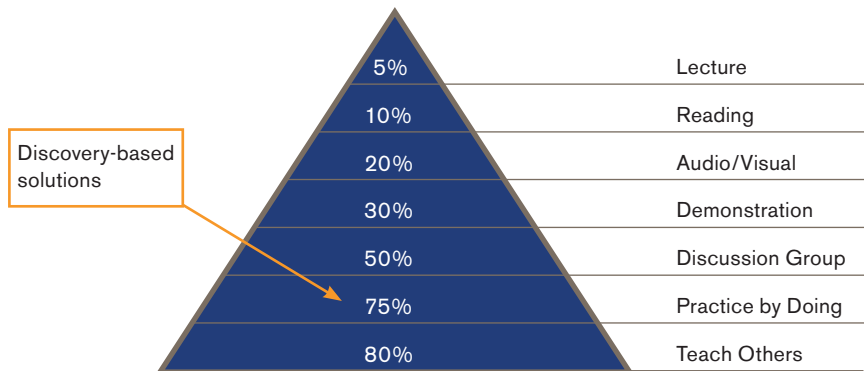
According to McKinsey,³ professional employees, or knowledge workers, now constitute up to 25 percent or more of the workforce in financial services, health care, high-tech, pharmaceuticals as well as media and entertainment. Knowledge workers are companies' most valuable employees, which makes it especially important for organizations to keep them engaged.



¹ Accenture's Outlook Journal, Getting a Truer Picture of Shareholder Value, June 2005.

² Accenture's Outlook Journal, Future Value: The 7 USD Trillion Challenge, February 2004.

³ The McKinsey Quarterly, The 21st-Century Organization, 2005, No 3.



The percentage of knowledge retained varies according to learning method used. Discovery-based learning such as simulations, “Learning Maps” and “EngageMaps” are included in the “Practice by Doing” category.

Source: *The Learning Pyramid, from Corporate Universities, Jeanne Meister*

Growth pattern

Industry similarities

BTS’ sector is following a development pattern similar to how the management-consulting industry grew in the 1980s and 1990s.

Actually, the same set of factors that has shaped how the management-consulting industry has developed during the last 20 years has contributed to the rapid growth of BTS.

Firstly, the complexity of today’s business environment has increased the need for external consulting expertise to manage necessary change projects.

Secondly, because of corporate downsizing many companies lack the internal human resources to complete all necessary tasks.

Thirdly, just like leading management-consulting firms, BTS has been able to expand worldwide by working with global corporations in various industries.

Value of simulation learning

Knowledge retention

Business training through customized, discovery-based solutions such as simulations, EngageMaps and learning maps are superior compared to conventional training as regards both efficiency and end results. This explains why clients in BTS’s target group increasingly choose solutions of this kind.

Research shows that learning by doing leads to greater knowledge retention than other learning methods.

“Wise” decision makers

Within this context, an organization’s learning strategy must extend beyond merely building knowledge. It must be directed towards developing people who make “wise” decisions. A key step in this process is gaining new experience. Customized, discovery-based solutions – such as the ones BTS offers – provide for all this.¹

Greater understanding

In addition, research suggests that discovery-based learning such as business simulations have the ability to create “microworlds” in which participants gain a better understanding of, not only individual effects of decisions on a company, but also of the interactive effects of environment, competitors in the sector and employees – all within a simulated experience. Business simulations constitute a learning and development process which contribute towards creating a more aligned business strategy and successful strategy execution.²

¹ Jeremy J. Hall, *Corporate Cartooning – The Art and Science of Computerized Business Simulation*, 2001.

² Jonathan R. Anderson, *The Relationship Between Student Perceptions of Team Dynamics and Simulation Game Outcomes: An Individual-Level Analysis*, 2005.

Market development

More business training

According to IDC, the premier global market intelligence firm, the market for “corporate training in business skills” was forecasted to grow at an annual rate of 8.1 percent during 2004-2009¹. Various market research anticipate growth of 5 – 8 percent per year.

Based on BTS’ worldwide experience, the company believes that the market segment for business training based on simulations will grow more rapidly than the market in general.

Large multinationals, the organizations that make up BTS’ target group, tend to have to deal with a faster rate of change, more extensive use of new technologies and increased competition compared to other types of organizations. The market for BTS’ solutions showed significant growth during 2006 – a trend expected to continue in 2007.

In the US, demand remains high for training-related services that support corporate change implementation, strategy execution and profit improvements. The markets of Europe, Australia, South Africa and East Asia also show growing demand.

US leads the way

The US is still the business-training leader due to the sheer size of its home market and the homogeneity of its business community, and an advanced approach on how to optimize investments in business training. US companies make up a global force in the business world. According to the Fortune Global 500 Rankings in 2006, 60 percent of the world’s largest corporations are American.

English is the global business language. Similarly, the leading management models and business schools are American. According to the Financial Times Global MBA Rankings 2006, eight of the ten top business schools in the world are American.

Classroom-based	Technology-based	Text-based
Instructor-led	CD-ROM	Textbooks
Workshops	Interactive videos	e-books
Laboratory work	DVD, VHS	Reference documents
	e-learning	Manuals

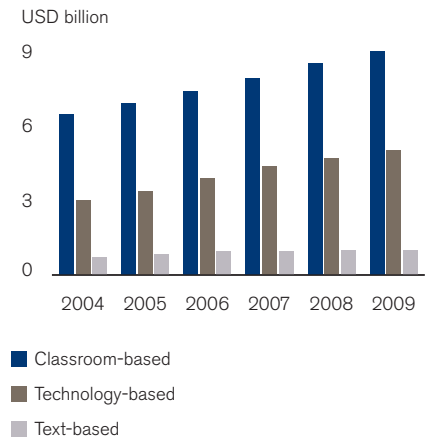
The various forms of delivery for business training.

Other market trends

In its 2005 report, IDC highlights a number of additional business-training trends that BTS considers important to the company’s development such as:

- **Global solutions:** Corporations need training solutions that can cover the complete scope of their international activities. Similarly, they also want the option of running courses in multiple languages.
- **Technology-based training:** Globalization also drives need for flexibility and cost efficiency. As a result, technology-based solutions play an increasingly important role in business training. Multinationals want technology-based programs that make use of the internet, intranets and CD-ROMs.
- **Total solutions:** Increasingly, corporations look for training companies to take total holistic responsibility for solutions. This includes needs analysis, content development, delivery, technology as well as qualitative follow-up.
- **Measurable impact:** Customers want to follow up on results from training programs to see how they contribute to the achievement of stated business goals. More and more companies ask providers to explain how the training is worth the money spent – Return on Investment (ROI).

US corporate training market 2005-2009



According to IDC, an American market analysis company, there is still growth potential for all different types of training: classroom-based, technology-based and text-based.

Source: IDC, US Corporate Business Skills Training, 2004-2009: Forecast and analysis.

¹ IDC, US Corporate Business Skills Training 2005-2009: Forecast and analysis.



Fragmented competition

Divided market

The figure below shows that competition in BTS' market is fragmented with a wide variety of competing players.

The most important ones are business simulation specialists, e-learning companies, managements consultants, training companies, internal training units and business schools.

As the world-leading provider of simulations and other discovery-based solutions, BTS continues to capture market shares from other players.

BTS is the most effective partner to assist companies to implement changes that will contribute towards profitable strategy execution.

Collaboration

An increasing number of companies take a long-term view on employee business-skills development. This results in greater coordination and the investment in holistic solutions.

This, in turn, leads to increased collaboration among suppliers and consolidation through mergers and acquisitions. For example, BTS has, during the last few years, acquired a number of complementary firms to broaden and strengthen its offering and client base worldwide.





Development & position

Steady development

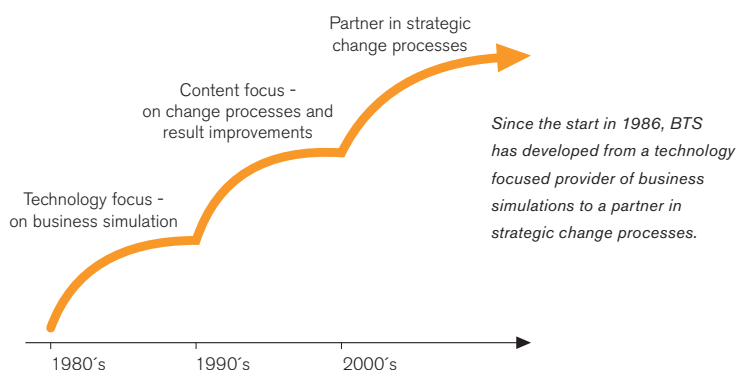
BTS has developed progressively from its establishment in the mid-1980s as a company focusing on business simulations in the Nordic market.

In the 1990s, the company built a broad range of customized business training solutions based on simulations by using new technologies to help companies implement change processes and improve business results.

BTS has now developed into a truly global player that successfully helps with strategy execution and performance improvement actions in a large number of multinational corporations in more than 50 countries world-wide. The company has customers in Manufacturing, Telecom, IT, Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution and Energy.

The BTS client list speaks for itself: more than 25 of the 100 largest companies in the world measured in market capitalization – including General Electric, Toyota, Microsoft, IBM and Vodafone – are customers.

From a local training company to a global strategic partner



Success factors

A holistic learning and development approach requires mixed content and complementary delivery models at different levels throughout global organizations.

Through an extensive use of new technologies and methods, BTS manages to address the client companies' need to strengthen readiness for change, alignment and strategy execution.

As BTS' documented track record shows, its learning and development solutions deliver results. The company's main success factors that explain its growing market share are:

- Acknowledged success in the US market has created unparalleled credibility
- Unique, customized design process of discovery-based business simulations that emphasizes relevant, work-related actions
- A comprehensive process that secures and measures ROI outcome
- Proven, highly efficient sales model
- Excellent customer retention record
- The organization has the best people in the industry.

HISTORY

1986

BTS is founded in Stockholm, Sweden.

1992

The internationalization begins, subsidiaries are established in the United Kingdom and United States.

1997

BTS launches the company's first board-based simulations.

1999

BTS develops business simulations for web-based delivery. Offices in Finland, South Africa and a second office in the United States.

2000

The company introduces tailor-made business simulations to customers within three industries: manufacturing, telecom and information technology.

2001

BTS is listed on the O-list of the Stockholm Stock Exchange.

2002

The company introduces tailor-made business simulations to customers in four additional industries: financial services, pharmaceuticals & biotechnology, retail & distribution and energy.

2002

BTS acquires an Australian office.

2003

BTS acquires the Spanish company I-Simco with two offices in Spain.

2004-2005

BTS takes a large leap forward concerning licensing of some of its technology-based business-simulation solutions. BTS acquires the US company The Strategic Management Group Learning Solutions (SMG) and the Finnish company Business Game Factory (BFG). The company opens an office in China as well as its second office in Australia.

BTS solutions

The BTS mission is to partner with its clients to accelerate change and improve results. BTS constantly develops new solutions together with our customers. As a result, BTS' portfolio of solutions accurately reflect the challenges faced by global business today.

Broad range of solutions

Business Acumen Excellence

Every manager and employee in a company needs a clear picture of how their decisions and performance affect the company's results. The solutions in the field of business acumen provide:

- a thorough understanding of what drives the company's financial results,
- a market-oriented perspective - how we can win customers and how we can become stronger than our competitors,
- a holistic view of the company's business and how the various units best interact, in a practical and applicable manner, which leads to better decisions.

Sales, Sales Management & Sales Management Excellence

Customers today are increasingly looking for sales organizations to bring them value rather than products or solutions. The bottom line: the most successful sales organizations in the world are helping their customers accelerate their business results not just solve business problems. In order to meet this customer expectation, sales organizations must understand:

- their customer's customer
- the underlying factors that drive the success of the customer's business,
- the customer's business models and profitability factors,
- the value proposition the company offers, balanced against customer needs and requests
- the profitability impact balanced with fixed and variable costs and value based pricing models.

BTS solutions support all phases of the customer buying process and begin with first seeking to understand your customer before creating and communicating the value your products, services, and offerings can deliver for each customer's unique needs.

Operational Excellence

Global presence and sourcing are putting new demands on the ways companies need to organize and work. To do things in a right and an efficient way, sharing best practices and respecting dead-lines from different functional perspectives, are today keys in order to

excel. This is valid from various perspectives; managing a product portfolio, optimizing the supply chain, and improving speed from order to payments.

Leadership Excellence

Great results-oriented leadership is essential for maximizing performance in every organization. BTS leadership solutions are tailored to the unique challenges and strategic initiatives that exist within our customer's businesses.

The solutions themselves connect the skills and behaviors necessary to inspire and execute peak performance to a company's strategy, key metrics and profitability, as well as its guiding principles, culture, and values.

Engage for Change – E4C

All BTS solutions are set to drive change. There are, however, specific aspects to change that require specific attention. BTS solutions for Change and Execution are specifically aimed at deep-diving into the area of change and transformation, getting people to understand WHY change is necessary, and HOW that will impact the business, and WHAT they individually have to do to keep the company's direction. BTS has an effective results process that secures and measures Return on Investment (ROI), by linking business goals to program design, learning, and applications.

BTS SOLUTIONS



"ENGAGE FOR CHANGE"

BTS offers a broad portfolio of solutions to satisfy the most important areas in executive management and development. Business Acumen (Business Acumen Excellence), Sales (Sales & Marketing), "Operational Excellence", and Leadership development (Leadership Excellence). A common need for strategic change work and corporate development is to create the capacity to drive the work in a way that ensures an impact in the organization. BTS' solutions with "Engage for Change" are focused on this.



How BTS operates

BTS employs a number of delivery models. A combination of media to reach different target groups provides customers with the flexibility to choose how, when and where to conduct training initiatives. This gives the customer the opportunity to obtain the best delivery formats for the needs in question.

Discovery Based Learning – Core to the BTS Value Proposition

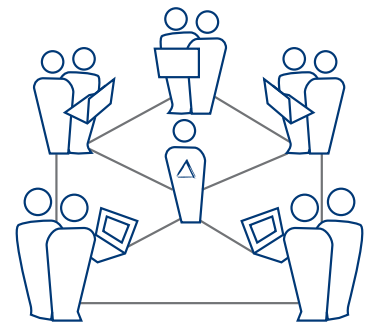
BTS is passionate about delivering measurable results. In order to achieve the results are customers ask us to deliver, we focus as much on HOW people learn as on WHAT they learn. All training solutions within the BTS Group are built around contemporary adult learning principles. This accelerates the learning, increases retention and actually makes the learning more fun and interesting. There are a few fundamental principles that pervade the various delivery methodologies which are described below :

- **Self-discovery** – It is important that participants learn through structured processes and exposure to models but ultimately, they need to come to their own conclusions because those are the ones they will ultimately act upon.
- **Relevance** – The work must focus on the participants and their businesses. Case studies, job descriptions, performance challenges and goals and contemporary customer research must all reflect their day-to-day environment.
- **Small Group Experience** – This produces more discussion and greater involvement, resulting in richer learning and better retention.
- **Dialog Rich** – The knowledge and experience of the participants is valued and through dialogue, "ahas" are engineered and moved into long-term memory.

Customized business simulations

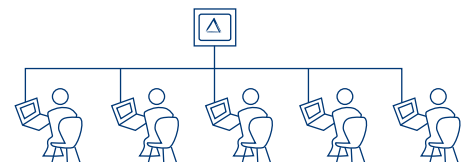
1. Computer-based business simulations

are dynamic, which means that the experience and results they present take into account the decisions and actions of all the participants. These simulations are primarily implemented in the form of instructor-led seminars for 20-30 executive-level participants, and use a simulation program installed on local computers. Participants work in teams that compete directly with each other. The simulation program reflects the situation participants are to be trained to deal with. Together, participants face a range of relevant business situations in which they have to make decisions which then influence how the simulation progresses. The simulation is combined with instructor-led discussions and feedback.



2. Web-based business simulations

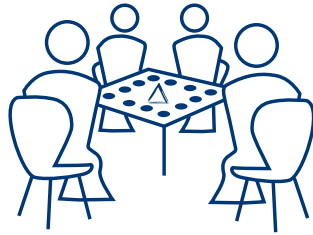
are numerical or scenario-based which lead participants through a series of situations to learn a desired outcome. These simulations are conducted via the internet or the customer's internal network, with or without BTS participation. Web-based simulations can be compared to a computer game in which the user interacts with a program that BTS has developed to represent different, customer-specific business situations. The underlying program leads users to make decisions that move them forward through the process. Participants receive feedback on the decisions they make in the program. Web-based simulations can be complemented by instructor-led instruction and feedback.



Manual Simulations, EngageMaps and Learning Maps

Many companies have taken advantage of BTS' solutions in order to assist with communicating and establishing strategic initiatives in their organizations. Various types of manual business simulations are important tools for this. Real Learning Company has strengthened and complemented BTS' value proposition for supporting companies with change processes during 2006. Learning Maps are a new element that was added via Real Learning Company.

3 a) Board-based simulations – are carried out using printed materials, most often with the customer's own staff acting as instructors. Board-based simulations are games that represent a company's operations and simulate its business. Participation in the game imparts understanding among employees of how different decisions impact the company's earnings and how the different parts of the company should collaborate to achieve the goals.



3 b) EngageMaps – Engage large numbers of Executives, Managers, and Employees in experiencing the reasons for and the implication of change. It assists participants in making the transition into the Organization's new environment and to try out new behaviors. Through jointly developed pre-designed formats, the participants experience the important challenges concerning their organization's change process. The learning and new behaviors can be immediately exhibited in the actual work environment. EngageMaps have proven to significantly boost learning and motivation to act.

3 c) Learning Maps – employs much of the same methodology reflected in the Engage-Map process. Using Learning Maps (boards), manipulatives, and customized research, case studies participants are able to learn and apply the new skills necessary to accelerate business results.



Business tournaments and CD-ROM solutions

General business simulations

BTS also develops business simulations that are more generally applicable than customer-specific solutions. These "best-practice" simulations highlight various subjects such as leadership, project management, sales and process improvements. They, too, are based on different technologies:

4. Open web-based business tournaments are dynamic simulations conducted via the internet. Various companies participate in these open tournaments. Participants engage in 15 to 20 hours of competition over about 10 weeks. Teams of 3 to 5 participants compete with one another with the goal of enhancing their business acumen.



5. CD-ROM-based simulation solutions contain scenario-driven business simulations focused on areas of leadership, project management and sales, and are intended for all management levels in a company. CD-ROM-based simulation solutions can be used for individual study or as a supplement to customer-specific training courses.



BTS core values

BTS invests in its employees to drive growth and profitability. BTS also achieves success in recruiting and developing the best and most engaged employees.

BTS Core Values

Positive Spirit and Fun

- We believe that a “can do” attitude and humor enhance a successful business.
- We believe in looking at problems openly, and view them as opportunities.
- We strive to maintain a good spirit.

Honesty and Integrity

- We believe in being loyal to those who are not present.
- We believe in giving and receiving feedback constructively.
- We believe in treating people as equals and in respecting others' differences.

Opportunities Based on Merits

- We reward and provide people with opportunities based on results and competencies.
- We make decisions and evaluate ideas based on their facts and merits.
- We achieve success through hard and effective work.

Putting the Team First

- We believe that BTS' success depends on teamwork and if the team needs support we do our very best to provide it.
- We believe in putting the team first in individual decisions and in thinking of the individual in team decisions.

Lasting Value for Clients and People

- We strive to build up long-term relationships with our clients to create a legacy for the client and his staff.
- We focus on driving results forward - in learning, improved behavior and business performance.
- We encourage the learning, development and rewarding of BTS and its staff.
- We create our growth through our clients' success and our active business generation.

Excellence through Professionalism

- We strive to deliver top quality solutions and services, within deadlines, to exceed client expectations.
- We balance client and BTS competencies, best practices and methods to achieve optimal results.



Employees

Recruiting and career development

A great place to work

BTS strives to recruit employees with a proven track record of qualities and results. BTS offers an attractive work environment with numerous development opportunities through varied and challenging assignments in an international environment. The company's values play a central role in creating a workplace staffed by motivated employees who constantly strive to deliver top class results. The company also provides competitive compensation packages.

Follow-up of results and feedback

BTS continuously provides follow-up and feedback to all employees. All employees are assigned a mentor to support them in their career development within the company. Upon completion of each project, regular evaluations assess individual contribution in order to highlight strengths and areas that need improvement.

Broaden and develop competence

Most BTS employee competence development happens on customer projects, where employees are encouraged progressively to take more and more responsibility. Employees receive opportunities to develop and expand their skills on an ongoing basis in combination with specific training programs centered on project management, facilitation skills, sales and account management, and financial modeling and programming.

New step in the career

The growth of BTS and the expansion of its service range provide employees with a great many opportunities to develop their careers and take new steps towards greater responsibility or new assignments. Conversely, the growth of the company depends on employees developing within the organization and that the collective competence is maintained and transferred to newly recruited employees.

New recruitment

BTS has a precisely defined process for identifying and attracting new employees with great development potential.

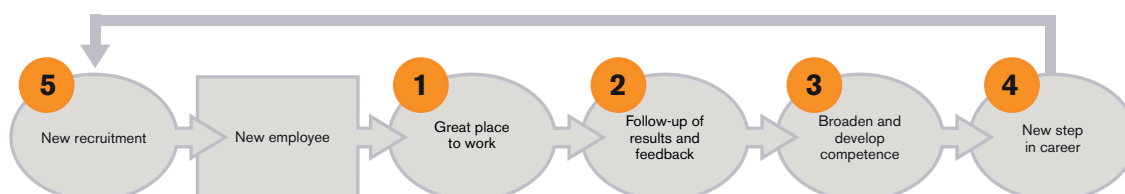
Employees and acquisition process

Successful integration requires effective leadership. It is critical that the respective corporate cultures are compatible, and that the employees from the two companies cooperate well. It is essential to make sure early on that the two parties share objectives with the integration and the many business opportunities it presents. Thus far, BTS has been successful in achieving this.



BTS' goal is to offer its customers the most competent resources on the market. The company works according to an established model for building an organization staffed by competent and committed employees.

Key figures, employees	2006	2005	2004	2003	2002
Number of employees at the end of the year	186	150	107	100	102
Of whom, women, %	33	31	23	32	33
Net turnover per employee, KSEK	2,298	2,001	1,980	1,672	1,566



BTS' model for recruitment and career development.

Strategic acquisitions

During 2006, the BTS Group acquired the two US companies, the Advantage Performance Group (APG) and The Real Learning Company (RLC), both highly-respected training and consulting organizations.



Broad US presence

In 2006, BTS acquired two well-known companies on the strategically important US market, The Advantage Performance Group, (APG) and The Real Learning Company (RLC). The two companies have also been successful partners to BTS for several years – which has led to some of the largest accounts the Group has in the US.

The acquisition of APG and RLC brings to the BTS Group some of the most experienced business-training professionals in the US as well as a customer base including many Fortune 500 companies. The sales and delivery processes of the two acquired companies primarily target organizations' middle and first-line management and sales force. This represents a strategic complement to and a widening of BTS' focus on top management.

A doubling of the existing client base in the US creates mutually beneficial synergies, and a significant opportunity to increase market share by helping customers leverage "new" capabilities added to the BTS solution portfolio. Examples of important customers that APG and RLC have brought to BTS include: Toyota, UPS, Bristol-Myers Squibb, American Express, Wells Fargo, Ingersoll-Rand, Daimler-Chrysler, Catholic Health and Insight.

The Advantage Performance Group

The Advantage Performance Group (APG) is a leading, human-performance consulting network consisting of 40 fulltime franchise partners and affiliates and over 100 independent facilitators, which adds a strong market force for the US market.

Network and franchise model

The APG network is based on a franchise model. The franchise partners work exclusively with pre-selected product offerings from some of the world's leading developers of training.

APG collaborates with developers of training solutions (such as BTS and RLC) and then applies its training-effectiveness methodology – The Advantage Way™ System – to help organizations maximize their training Return of Investment (ROI).

APG has supported hundreds of top organizations to help achieve their business objectives. The company provides leading training solutions in the areas of:

- Sales & Service Excellence
- Leadership & Organizational Development
- Team & Individual Performance Development

The Advantage Way™ System

The Advantage Way™ System is APG's own training-effectiveness methodology that ensures that corporate training creates measurable business impact. The system is based on more than 30 years of research and practice by Dr. Robert Brinkerhoff, and has been proven with organizations that include American Express, Motorola, Boeing, Anheuser-Busch, Hewlett-Packard, EDS, QUALCOMM and many others.

The system is a high-impact conceptual framework for building training and business impact throughout organizations. It creates a clear linkage between training interventions and business objectives.

The Advantage Way™ System also incorporates APG's proprietary Success Case Evaluation Method, a practical way to measure and demonstrate both behavioral and bottom-line results. Also, APG clients can be certified in the system which includes licensed "rights to use" interactive programs and tools for human-resources development professionals and managers, aimed at the goal of delivering better business results from training.

The Real Learning Company

The Real Learning Company (RLC) provides a strong product portfolio of sales and leadership development solutions, as well as highly creative customer and product development resources; areas in which the BTS Group wants to expand its global presence. RLC's offerings are delivered via its two product suites: Performance Mastery System™ and Sales Mastery System™.

Focus and approach

RLC's focus is on performance improvement. The company specializes in helping organizations select, align, and develop their human capital. RLC provides practical models, tools, and learning programs for planning, building, and managing individual and team performance.

The company's approach is based on a strategically customized, performance-improvement process through discovery-based learning with web-based tools and reinforcement materials to extend the learning experience.

Two product suites

RLC offers two product suites: Performance Mastery System™ and Sales Mastery System™.

The Performance Mastery System™ improves companies' capabilities to:

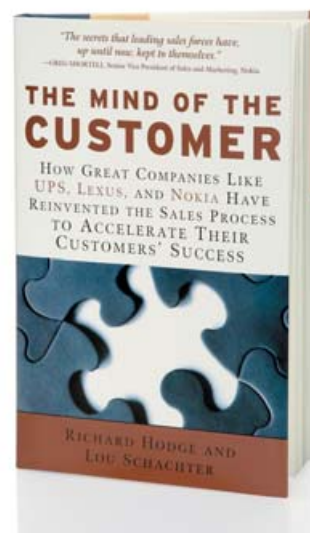
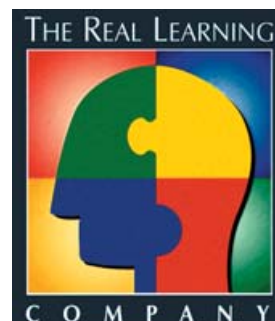
- Deliver peak performance and retain talent within the organization

- Integrate performance development into year-round objectives and goals
- Select the right individual for the right job
- Build high-performance teams
- Improve business results through partnering in personal development.

The Performance Mastery System™ also includes performance measurement, organizational feedback, planning tools as well as reinforcement exercises to maximize clients' "return on people."

The Sales Mastery System™ improves companies' capabilities to:

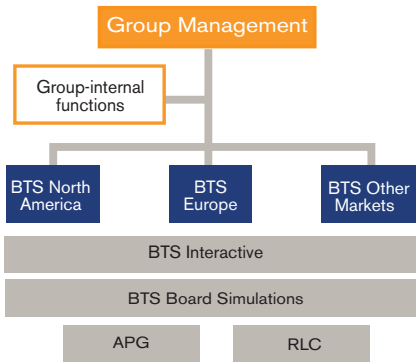
- Develop sales professionals' understanding of how executives think
- Enable sales professionals to calculate and communicate the true value of their offerings for each individual buyer
- Provide sales professionals with the interactive communication skills required to deliver exceptional value to customers
- Transform sales professionals into skilled negotiators
- Help sales professionals, their team members, and their managers create powerful, analytical, and action-packed plans to manage both straightforward and complex sales opportunities from inception through commitment.



"APG and RLC have a solid track record of profitable growth, and the combination of our organizations builds an even stronger foundation for continued organic growth in the US and globally. RLC's suites of training solutions in sales and leadership development, combined with the BTS portfolio, form a complete range of training solutions within business acumen, sales and leadership to serve our global customer base. Also, the addition of APG's 40 full-time franchise partners and affiliates and over 100 independent facilitators creates a very strong market force in the US. In addition, I find APG's business model based on strong individual incentives and a high proportion of variable costs very attractive."

Comments of Mr Henrik Ekelund, President and CEO of the BTS Group, on the completed acquisition process

BTS organization



BTS is a truly global organization with offices close to our clients in North America, Europe, Asia and Africa.

BTS' three operational units

BTS' operative activities are run through three units, in which the executive management have P&L responsibility for their respective geographical markets. The operational units are also responsible for external product development in collaboration with customers on the various markets.

BTS North America

BTS North America operates in the US and has offices in New York (New York), Stamford, (Connecticut), San Francisco (California), Philadelphia (Conshohocken, Pennsylvania) and Chicago (Illinois). The office in Beijing, China, is also a part of BTS North America.

BTS Europe

BTS Europe operates in Sweden, Finland, United Kingdom, Belgium and Spain and has offices in Stockholm (Sweden), Helsinki (Finland), London (UK), Brussels (Belgium) and Madrid and Bilbao (Spain).

BTS Other Markets

BTS Other Markets is active in South Africa and Australia, with offices in Johannesburg (South Africa) and Sydney and Melbourne (Australia).

Product-specific units

BTS has two product-specific units for product development. They work with new concepts and the production of solutions, as well as providing active sales support to the customers of the three operational units. Reporting is carried out to the Group management.

BTS Interactive

BTS Interactive is responsible for Web-based and scenario-based solutions.

BTS Board Simulations

BTS Board Simulations is responsible for board business simulations.

Group-internal functions

Group-internal departments cover Group Finance, Investor Relations, Corporate Communications as well as certain IT, process and Human Resources.

Advantage Performance Group, APG

APG operates in the US Market and APG delivers performance improvement through sales and leadership training that result in meaningful business impact using its Advantage WaySM implementation process.

The Real Learning Company, RLC

RLC operates in the US Market. RLC develops performance improvement within sales and leadership training using its Performance Mastery SystemTM and Sales Mastery SystemTM.



Key Management in BTS worldwide, from left: Philios Andreou, Lars Lindgren, Joel Sigrist, Dan Parisi, Jonathan Hodge, Jan Hedström, Katrin Fagerberg, Peter Mulford, Henrik Ekelund, Robert Kuhfus, Deon Greyling, Rommin Adl, Jonas Åkerman, Steve Toomey, Taavi Thiel, Ted Fawle and Patrick Fei.
(Missing are Stefan af Petersens, Stefan Hellberg, Stefan Brown and Todd Ehrlich)

BTS processes

Product development

Efficient product development

Continuous, state-of-the-art product development is crucial to BTS growth and market-leading role in the field of discovery-based learning. BTS maintains valuable structural capital in the form of solutions, platforms and processes.

Also, BTS has assimilated this experience into its systems and processes. New experience and knowledge are introduced successively as the business activities of its customers change.

At the same time, BTS develops new services based on the latest advances in methodology and technology. Product development at BTS has two parts, external and internal development.

External product development

External product development involves developing new training solutions in the areas of business acumen, leadership, sales and operational excellence. It also encompasses solutions for new media - for example, web-based business simulations.

BTS strives to conduct its product-development efforts in close collaboration with its customers.

Internal product development

Internal product development refers to internal work with BTS development platforms and methodologies, which form the foundation for creating new training solutions. BTS solutions are based on technologies that are generally available on the market: Excel, Visual Basic and Flash, for example. Internal product development is directed towards the following tools:

- **BTS Mini Master** is a common development environment for all computer-based simulations which, through a high degree of reuse, results in shorter development times and greater accuracy.
- **BTS Document Platform** for searching and reusing existing documents.
- **BTS Flash Platform** for web-based simulations.

Quality measurement

To ensure delivery quality, BTS uses two types of follow-up:

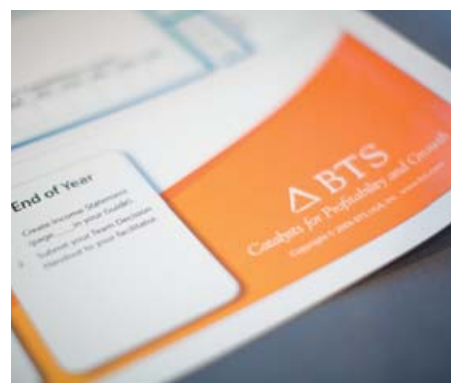
- **Initial Quality Survey** - This survey is completed by seminar participants at the conclusion of each business simulation to assess the quality of the program. On a scale of 1 to 5, BTS' internal goal is to achieve a score of at least 4.6.
- **Verification of Knowledge Transfer & Application** - BTS provides a process to verify that participants are applying the skills and knowledge they have acquired. BTS offers customers the opportunity to measure the long-term results of the training. This follow-up shows that 50 - 90 percent of participants have retained knowledge that they now apply in their everyday work. It also shows that the improvements in business results pay for the customer's investment in the training many times over.

Quality Assurance

In order to reduce dependence on individual employees and to assure the long-term quality of BTS training courses, all methods, technologies and business simulations are well documented.

Rights

BTS owns all the rights to all the business simulations it develops for customers. This means that the company is free to reuse both general skills and intellectual property - for example, software and adaptations - when developing new business simulations.



BTS works systematically to develop and apply efficient processes that improve quality and productivity. Feedback from customers is an important driver.

Internal product development

Raises the efficiency of the process for developing customized simulations.

External product development

Run in collaboration with customers to create new customized simulations, new solutions and media.

5 year summary

Income Statement

Consolidated income statement, summary

MSEK	2006	2005	2004	2003	2002
Net turnover	379.1	286.1	205.9	162.2	172.2
Operating expenses	-309.3	-233.6	-174.2	-150.1	-162.0
Depreciation tangible fixed assets	-2.1	-1.8	-1.1	-1.3	-1.4
Amortization intangible fixed assets	-5.3	-2.0	-	-0.6	-0.3
Operating profit	62.4	48.7	30.7	10.2	8.5

Balance Sheet

Consolidated balance sheets, summary

MSEK	2006	2005	2004	2003	2002
<i>Assets</i>					
Fixed assets	203.7	58.2	7.3	6.0	5.0
Accounts receivable	88.7	64.2	36.8	31.2	31.4
Other current assets	25.6	14.5	9.7	10.7	13.7
Cash and bank balance	72.1	101.1	110.5	88.1	79.0
Total assets	390.1	238.0	164.3	136.0	129.1
<i>Shareholders' equity and liabilities</i>					
Shareholders' equity	174.7	151.5	116.6	103.4	104.1
Minority participations	0.5	0.4	0.2	0.1	0.1
Provisions for deferred tax	-	-	0.2	0.2	0.2
Interest-bearing liabilities	80.9	2.1	-	-	0.1
Non interest-bearing loans	0.4	0.2	-	0.1	-
Other non interest-bearing liabilities	133.6	83.9	47.3	32.2	24.6
Total equity and liabilities	390.1	238.0	164.3	136.0	129.1

Cash Flow

Consolidated cash flow statement

MSEK	2006	2005	2004	2003	2002
Cash flow from current operations	41.1	37.5	32.1	18.2	15.4
Cash flow from investment activities	-140.6	-42.4	-2.9	-3.6	-1.0
Cash flow from financing activities	78.6	-12.3	-3.5	-3.1	-0.9
Translation differences in liquid assets	-8.2	7.9	-3.3	-2.4	-2.8
Cash flow for the year	-29.1	-9.3	22.4	9.1	10.7
Liquid assets, start of the year	101.1	110.5	88.1	79.0	68.3
Liquid assets, end of the year	72.1	101.1	110.5	88.1	79.0

Key financial figures for the Group

MSEK	2006	2005	2004	2003	2002
Net turnover	379.1	286.1	205.9	162.2	172.2
Operating profit (EBIT)	62.4	48.7	30.7	10.2	8.5
Operating margin (EBIT margin), %	16.5	17.0	14.9	6.3	4.9
Operating income before amortization of intangible fixed assets (EBITA)	67.6	50.8	30.7	10.8	8.8
Operating margin before amortization of intangible fixed assets (EBITA margin), %	17.8	17.7	14.9	6.6	5.1
Profit margin, %	10.2	12.9	9.9	4.5	3.7
Earnings per share, SEK ¹	2.2	2.1	1.1	0.4	0.4
Return on equity, %	23.6	27.4	18.5	7.0	6.2
Return on operational capital employed, %	52.7	164.7	282.9	50.2	27.8
Operational capital employed	184.0	52.8	6.3	15.4	25.3
Shareholders' equity	174.7	151.5	116.6	103.4	104.1
Equity per share ¹	9.7	8.6	6.6	5.8	5.9
Equity/assets ratio, %	44.9	63.8	71.1	76.0	80.7
Dividends per share, SEK ¹	1.00	0.92	0.53	0.20	0.17
Cash flow	-29.1	-9.3	22.4	9.1	10.7
Liquid assets	72.1	101.1	110.5	88.1	79.0
Number of employees at the end of the year	186	150	107	100	102
Average number of employees	165	143	104	97	110
Annual net turnover per employee	2.3	2.0	2.0	1.7	1.6

¹ Previous years' earnings per share, dividends per share and equity per share have been adjusted using a correction factor of 0.3333 due to the 3:1 split in May 2006.

Definitions

Operating margin:

Operating profit after depreciation as a percentage of net turnover.

Operating margin before amortization of intangible fixed assets (EBITA margin):

Operating profit before amortization of intangible fixed assets as a percentage of net turnover.

Profit margin:

Profit for the period as a percentage of net turnover.

Earnings per share:

Earnings attributable to the parent company's shareholders divided by the number of shares.

Return on equity:

Net profit after tax for the whole year as a percentage of average shareholders' equity.

Return on operational capital employed:

Operating profit as a percentage of average operational capital employed.

Operational capital employed:

Balance sheet total less liquid assets, other interest-bearing assets and non interest-bearing liabilities.

Equity per share:

Shareholders' capital excluding minority interest divided by the number of stock at the end of the year.

Equity/assets ratio:

Equity as a percentage of the balance sheet total.

Dividends per share:

Dividends proposed and adopted respectively divided by the number of stock at the end of the year.

Net turnover per employee:

Net turnover for the whole year divided by the average number of employees.

The BTS share

On June 6, 2001, BTS was floated on the O-list of the Stockholm Stock Exchange. In connection with this, a new stock issue was carried out, generating a capital injection of MSEK 78.1 for the company after issues expenses.

The share capital in the company is SEK 6,016,100, divided between 853,600 Class A shares and 17,194,500 Class B shares, each with a quotient value of SEK 0.33. Class A shares entitle holders to ten votes, Class B shares to one vote. All shares carry equal rights to a share of the company's assets and profits.

On December 31, 2006, there were 1,052 (978) shareholders in the Company. BTS Group AB has worked to promote the liquidity of the company's share since 2002. As a part of this strategy, a liquidity guarantor has been engaged to work to increase interest and trade in the BTS share.

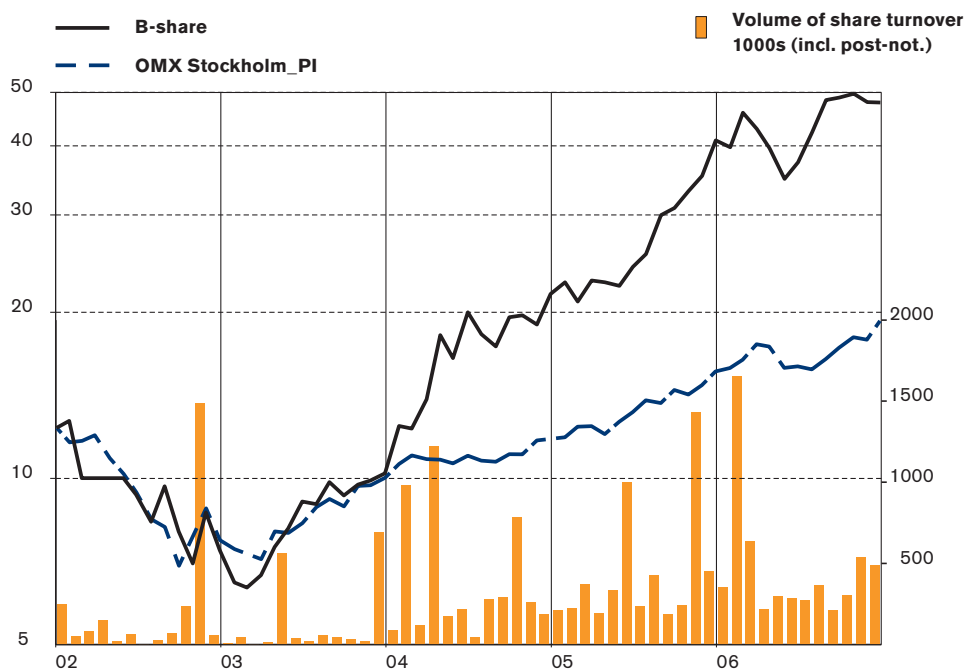
Dividend policy

The Company's long-term ambition is to distribute between 30 and 50 percent of its profit after tax.

SHARE DATA

Share price January 2, 2006	SEK 39.00
Share price December 31, 2006	SEK 48.00
Earnings per share, December 31, 2006	SEK 2.18
Liquid assets per share December 31, 2006	SEK 3.99
Equity per share December 31, 2006	SEK 9.68

BTS Group



(c)FINDATA

Share capital

Change in capital

Year	Transaction	Increase in share capital, SEK	Share capital SEK	Class A shares	Class B shares	Total no. of shares	Nominal share value (SEK)
1999	Formation of the company	100,000	100,000	439,900	560,100	1,000,000	0.10
1999	New issue	8,200	108,200		82,000	1,082,000	0.10
2001	Stock dividend issue	4,219,800	4,328,000			1,082,000	4.00
2001	4:1 split		4,328,000	1,759,600	2,568,400	4,328,000	1.00
2001	Conversion of Class A shares to B shares			-1,475,000	1,475,000	4,328,000	1.00
2001	New issue	1,500,000	5,828,000		1,500,000	5,828,000	1.00
2002	New issue	69,300	5,897,300		69,300	5,897,300	1.00
2006	3:1 split	69,300	5,897,300	853,800	16,838,100	17,691,900	0.33
2006	New issue	118,800	6,016,100		356,400	18,048,300	0.33

Name	Class A	Class B	Holding	Holding, %	Votes	Votes, %
HENRIK EKELUND	816,000	3,151,616	3,967,616	21.98	11,311,616	43.95
STEFAN AF PETERSENS	37,800	2,360,753	2,398,553	13.28	2,738,753	10.65
STEFAN HELLBERG	0	1,483,454	1,483,454	8.21	1,483,454	5.76
ALECTA PENSIONS FÖRSÄKRING	0	1,400,000	1,400,000	7.76	1,400,000	5.44
ÅKERMAN, JONAS	0	913,800	913,800	5.06	913,800	3.55
LÄNSFÖRSÄKRINGAR SMÅBOLAGSFOND	0	864,000	864,000	4.79	864,000	3.36
NORDEA BANK FINLAND ABP	0	825,500	825,500	4.57	825,500	3.21
BNY GCM CLIENT ACCOUNTS (E) ISG	0	584,800	584,800	3.24	584,800	2.27
CLEARSTREAM BANKING S.A., W8IMY	0	440,129	440,129	2.44	440,129	1.71
U.S. BANK NATIONAL ASSOCIATION	0	356,400	356,400	1.97	356,400	1.39
BANCO SMÅBOLAGSFOND	0	350,000	350,000	1.94	350,000	1.36
LANNEBO SMÅBOLAG	0	303,309	303,309	1.68	303,309	1.18
FEI, PATRICK	0	303,200	303,200	1.68	303,200	1.18
HANDELSBANKENS SMÅBOLAGSFOND	0	250,000	250,000	1.39	250,000	0.97
LANNEBO SMÅBOLAG SELECT	0	238,800	238,800	1.32	238,800	0.93
SWEDBANK ROBUR SMÅBOLAGSFOND SVERIGE	0	203,600	203,600	1.13	203,600	0.79
Other	0	3,165,139	3,165,139	17.60	3,165,139	12.30
Total	853,800	17,194,500	18,048,300	100.0	25,732,500	100.0

Risk and sensitivity

Market risk

Market condition sensitivity

Training is sensitive to market conditions. Poor growth and expense-cutting programs influence corporate training budgets. In the same way, improvements in market conditions result in an increased willingness to invest in training.

Limited dependence on individual customers

BTS' 10 largest customers accounted for 30 percent of sales in 2006. By maintaining a broad customer base, BTS limits its dependence on individual customers.

No sector dominates

BTS customers are active within seven main sectors: Manufacturing, Telecom, IT, Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution and Energy. The global distribution of the business activities of its customers helps BTS reduce exposure to fluctuating conditions in specific markets.

Geographical spread

Most of BTS' sales are generated in North America - 65 percent - while Europe accounts for 30 percent. In 2006, BTS improved its presence in new markets such as those of Australia, South Africa and China, which, in the long term, will help reduce dependency on the markets of North America and Europe.

Fragmented competitive situation

The market for corporate training is fragmented. BTS encounters different competitors in different markets and has no global competitors.

Operational risks

Quality and brands

BTS bases its marketing on network-based sales and good customer relations, which make high demands on the quality of BTS deliveries. BTS minimizes the risk of dissatisfied customers by recruiting and developing competent consultants and by ensuring that all development and all delivery follow established processes. BTS also conducts quality follow-up on all projects.

Intellectual Property

BTS owns all the rights to all business simulations it develops for clients. BTS has the rights to reuse both general skills and intellectual property, such as software and adaptations when developing new business simulations. Regarding license based products and solutions, the client purchases a number of licenses for the business simulations for the participating employees. If the number of participants increases, more licenses must be purchased from BTS.

Competence coverage

Rapid growth requires intensive recruiting and training of the employees. At the same time, it is essential to retain competent and motivated personnel. In order to meet these requirements, BTS follows an established recruiting and development model.

Personal dependence

To reduce dependence on individual employees and to assure the long-term quality of BTS training courses, all methods, technologies and business simulations are well documented.

Financial risks

Currency

The currencies that have the greatest influence on BTS' profits are USD, EURO and GBP. Exposure in individual transactions is limited as income and expense are primarily in the same currency on the various markets. BTS does not normally hedge its currency exposure. The sensitivity analysis presented below shows the effects on the operating profits - based on BTS' Income Statement - of changes in the value of the American dollar, the euro and the pound Sterling in relation to the Swedish krona.

Factor	Percentage Change	Change, KSEK
SEK/USD	+/- 10 %	+/- 4,488
SEK/EURO	+/- 10 %	+/- 419
SEK/GBP	+/- 10 %	+/- 672

Counterparty risks

BTS only accepts creditworthy counterparties in financial transactions. BTS' Accounts Receivable are distributed among a large number of companies operating in a variety of sectors. The maximum credit risk amounted to KSEK 5,517 (3,079) at the end of the year, which corresponds to the largest credit exposure to any one operating unit.

Liquidity and interest risks

The liquidity risk is small as liquid assets account for a limited part, only 18 (43) percent, of the balance sheet total. BTS' policy is to allow borrowing with the approval of the Board. Excess liquidity in subsidiaries is initially to be used to amortize loans. Interest risks are limited to the fluctuating yield on the liquid funds placed at variable rates.

Directors' report

The Board of Directors and the CEO of BTS Group AB (publ), corporate identity number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the financial year 2006. All amounts indicated are in SEK thousands unless otherwise stipulated.

Operations

BTS Group AB is an international learning and development consultancy company. BTS uses customized simulation models to support executive management in making changes and improving profitability. BTS solutions and services train the entire organization to analyze and make decisions centered on the factors that promote growth and profitability. This adds a greater market and profit focus to the day-to-day decision-making process, which in turn leads to tangible, sustainable improvements in profits. BTS' customers are often major corporations.

Turnover and earnings

BTS' net turnover increased by 32 percent, totaling MSEK 379.1 (286.1) in 2006. Adjusted for exchange rate differences, growth was 34 percent. Growth was generated both through organic growth and the acquisition of The Advantage Performance Group (APG) and The Real Learning Company (RLC) on September 25, 2006. These acquisitions contributed MSEK 43.7 in turnover, corresponding to 16 percent of the growth. BTS' turnover, excluding the acquisitions of APG and RLC, adjusted for exchange rate differences, increased by 18 percent.

The Group's profit before taxes for the year increased by 11 percent to MSEK 61.0 (55.1), and net operating profit increased by 28 percent to MSEK 62.4 (48.7). The profit margin was 16 (17) percent.

The companies acquired in 2006, APG and RLC, are geographically reported in North America. During the year, net turnover for BTS' initial operations in North America totaled MSEK 201.5 (176.2). Earnings increased by 16 percent in local currency. The net operating profit increased by 31 percent to MSEK 35.6 (27.2). The profit margin was 18 (15) percent.

Net turnover for APG and RLC was reported at MSEK 43.7 for Q4. Profit before amortization of intangible fixed assets (EBITA) was MSEK 7.1. EBITA margin was 16 percent. Net operating profit, was affected by amortization of intangible fixed assets amounting to MSEK 2.2, amounted to MSEK 4.9. The profit margin was 11 percent.

Net turnover for Europe amounted to MSEK 113.0 (88.6) in 2006. Adjusted for changes in exchange rates, earnings increased by 28 percent. The net operating profit increased to MSEK 18.6 (17.9). The profit margin was 16 (20) percent. The year's lower profit margin is mainly due to BTS Nordic's decrease in profit during the second half of the year. Intensified sales activities are expected to have a positive effect during the second half of 2007.

The net turnover for BTS Other Markets amounted to MSEK 20.9

(21.3) in 2006. The profit margin was 16 (17) percent. Net operating profit was MSEK 3.3 (3.6).

Financial position

At the end of the year, liquid assets amounted to MSEK 72.1 (101.1). Interest-bearing liabilities amounted to MSEK 80.9 (2.1). Shareholders' equity at the end of the year totaled MSEK 175.2 (151.9) with an equity/assets ratio of 45 (64). BTS' cash flow from current operations for the year was MSEK 41.1 (37.5).

Employees

On December 31, 2006 BTS had 186 employees (150). The average number of employees during the year was 165 (143).

Parent company

The activities of the parent company - BTS Group AB - consist exclusively of Group-internal tasks and its assets principally consist of liquid assets and shares in subsidiaries. The parent company's net turnover amounted to MSEK 2.4 (2.5) and the profit after net financial items was MSEK 12.1 (15.1). On December 31, 2006, liquids assets amounted to MSEK 8.5 (25.5).

Outlook for 2007

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

The market and market trends

The companies that make up BTS' target group, namely major international corporations and organizations, face accelerating rates of change, new technologies, and new competitors and subsequently invest more in business development and training activities. According to the leading market intelligence firm, IDC, the market for corporate training in business skills will grow by an average of 8 percent per year during the period 2005–2009. Training solutions based on customized simulation have proven to be superior to traditional courses in terms of effectiveness and outcome. As a consequence, clients opt for this type of solution to a greater extent. BTS believes that the market segment for training courses based on simulation technology is growing faster than the rest of the market. BTS' services and products within this market have reported robust growth throughout 2006. All markets report continued strong demand.

BTS has long been the leader on the training market through its customized business simulation models. The company presently has assignments from 26 of the world's 100 largest corporations, as compared to 22 during the same period in 2005. BTS continues to capture market shares from training and management consultants and business schools, thereby positioning itself as the most efficient partner in helping companies to implement strategic changes.

BTS growth

BTS' growth strategy is built on organic growth through expansion from existing offices, geographic expansion through new offices and constant development of new products. In recent years this strategy has been complemented by growth through acquisitions.

BTS' average growth over the past ten years has amounted to 16 percent per year, of which 14 percent was organic growth. During the past three years, the average growth has amounted to 33 percent per year, of which 19 percent was organic growth.

BTS systematically works to create organic growth within its current operations. BTS applies two processes: one to maximize the earning potential of its client base, and one to increase the earning capacity of its organization and employees. For each of these processes BTS has defined five growth factors for which targets are set and outcomes measured.

Through product development and acquisitions, BTS' range of services and products has expanded considerably and includes, in addition to world-leading business simulation models, leading solutions within strategically critical fields such as sales and leadership development and web-based training solutions.

In 2006, the company's range of products underwent greater development than in any previous year - partly through comprehensive in-house development in client-financed projects, and partly through the acquisition of APG and RLC, which added a broad range of solutions. Over the years, and particularly in 2006, BTS has gradually created the market's broadest and most specialized selection of customized simulation solutions. This means that BTS can to a greater extent satisfy existing customers' needs for more solutions, which generates substantial opportunities for growth, both in the near-term and long-term.

In recent years, BTS has also grown through successful acquisitions, all of which have flourished with BTS. Since the market is fragmented, BTS sees further opportunities on markets that exhibit a constant, strong demand.

Research and development

The development carried out by BTS during the year centered on customer-specific product development and has therefore been expensed immediately. No research according to the definition in IAS 38 was carried out.

Financial risks

An effective and systematic risk evaluation of financial and business risks is important to BTS. The Group's financial policy stipulates the guidelines and objectives for managing financial risks within the Group. Financing and risk management have been collated under the Group finance function. The subsidiaries manage all foreign exchange dealings and client lending within the framework of the adopted policy. For a detailed description, refer to Note 2 Accounting principles and Note 21 Financial instruments and financial risk management.

The work of the Board of Directors

In accordance with the articles of association, the Board of Directors of BTS shall consist of no fewer than three and no more than eight members. During the fiscal year, i.e. as from the Annual General Meeting, the Board has consisted of five members.

The Board of Directors works according to a set agenda with instructions concerning the distribution of work between the Board and the CEO. According to this agenda, the Board will normally hold a minimum of four ordinary meetings. At each of these meetings, the Board deals with issues of significant importance to the Company. In addition, the Board receives reports from senior management about the current business conditions of the Group's submarkets. Board meetings are held regularly in connection with reports from the Company. On this basis, the Board deals with the Year-end Report and dividend proposals in February, Interim Reports in April, August and October, and the budget for the coming year in December. The BTS Board contains no special committees or sub-groups - all issues are normally dealt with by the Board as a whole. Occasionally however, certain issues are delegated to the Chairman of the Board and the CEO for joint deliberation. Every year, the company auditor reports in person his observations from his audit and states his evaluation of the internal control process.

The Board convened 13 times in 2006. Five of these meetings were specifically convened on the basis of the acquisition of The Advantage Performance Group and The Real Learning Company. The Board has also had intense discussions about the company's acquisition strategy, resulting in the year's acquisitions, among other things. Forms for evaluating the work of the Board were decided in December for assessment and discussion in the beginning of 2007.

Multiple year overview

Performance over the past five fiscal years is presented below. The figures for 2004–2006 are presented in accordance with IFRS, while the recommendations of the Swedish Financial Accounting Standards Council have been applied to those for the previous years.

SEK thousands	2006	2005	2004	2003	2002
Net turnover	379,097	286,119	205,944	162,204	172,230
Operating expenses	-309,345	-233,582	-174,123	-150,105	-161,997
Depreciation tangible fixed assets	-2,127	-1,772	-1,098	-1,330	-1,405
Amortization intangible fixed assets ¹	-5,270	-2,069	-	-547	-365
Operating profit	62,355	48,696	30,723	10,222	8,463
Operating margin, %	16.4	17.0	14.9	6.3	4.9
Number of employees at the end of the year	186	150	107	100	102
Average number of employees	165	143	104	97	110
Net turnover per employee	2,298	2,001	1,980	1,672	1,566

¹ Amortization of intangible fixed assets includes amortization of goodwill for the years 2002–2003. If IFRS had applied these years, goodwill would not have been amortized according to a schedule.

Events after the close of the fiscal year

No significant events have occurred after the close of the fiscal year up until the Board's signing of the annual report and accordingly none have been taken into account when producing the balance sheets and income statement.

Proposed disposition of profits

Parent company

The following profits are at the disposal of the Annual General Meeting:

SEK	
Profit carried forward	54,460,849
Profit for the year	12,101,314
Total	66,562,163

Statement from the Board of Directors concerning the proposed dividend

The proposed dividend for shareholders will reduce the equity/assets ratio of the company to 47 percent and that of the group to 40 percent. Equity/assets ratio is considered secure as the activities of the company are currently running profitably. It is also estimated that it will be possible to maintain the liquidity of the company at a secure level.

The Board of Directors is of the opinion that the proposed dividend will not prevent the company from fulfilling its obligations in the near- and long-term, nor in making the investments required. The proposed dividend is therefore defensible with reference to the provisions of Chapter 17, §3, sections 2–3 of the Swedish Companies Act (the prudence concept):

The Board of Directors proposes that the profits be distributed such that:	
shareholders receive a dividend of SEK 1.00 per share, totaling	18,048,300
and the following be carried forward to the new income statement	48,513,863
Total	66,562,163

As regards to the other operations of the Group and the parent company, refer to the income statements and balance sheets below, as well as to the cash flow analyses and associated notes.

It is proposed that the dividend be paid on May 11, 2007.

Financial statements

CONSOLIDATED INCOME STATEMENT			
SEK thousands	NOTE	2006	2005
Net turnover	3, 12	379,097	286,119
<i>Operating expenses</i>			
Other external expenses	4, 5, 6, 7	-149,400	-78,800
Personnel expenses	8	-159,945	-154,747
Depreciation/Amortization of tangible and intangible fixed assets	9, 10	-7,397	-3,876
<i>Total operating expenses</i>		-316,742	-237,423
OPERATING PROFIT	3, 11	62,355	48,696
<i>Financial items</i>			
Financial income	12	927	6,457
Financial expenses		-2,277	-95
<i>Total profit/loss from financial items</i>		-1,350	6,362
PROFIT AFTER FINANCIAL ITEMS		61,005	55,058
Tax on profit for the year	14	-22,421	-18,281
PROFIT FOR THE YEAR		38,584	36,777
Profit for the year attributable to:			
Shareholders in the parent company		38,531	36,643
Minority interests in subsidiaries		53	134
Earnings per share (for profits attributable to parent company shareholders during the year)			
Earnings per share, before dilution, SEK	15	2.18	2.07 ¹
Number of shares at the end of the year		18,048,300	5,897,300
Earnings per share, after dilution, SEK		2.18	2.07 ¹
Proposed dividend per share		1.00	0.92 ¹

¹ Previous years' earnings per share and dividend per share have been adjusted using a correction factor of 0.3333 due to the 3:1 split in May 2006.

CONSOLIDATED BALANCE SHEETS			
SEK thousands	NOTE	12-31-2006	12-31-2005
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Goodwill	9	149,873	35,683
Other intangible fixed assets	9	45,213	15,295
<i>Tangible fixed assets</i>			
Equipment	10	5,380	5,435
<i>Financial fixed assets</i>			
Deferred tax receivables	18	1,284	477
Other long-term receivables	21	1,968	1,249
Total fixed assets		203,718	58,139
Current assets			
<i>Current receivables</i>			
Accounts receivable	21	88,692	64,198
Other receivables	21	5,371	2,340
Prepaid expenses and accrued income	19	20,233	12,150
<i>Total current receivables</i>		114,296	78,688
Liquid assets		72,054	101,145
Total current assets		186,350	179,833
TOTAL ASSETS		390,068	237,972

CONSOLIDATED BALANCE SHEETS			
SEK thousands	NOTE	12-31-2006	12-31-2005
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Share capital		6,016	5,897
Other contributed capital		39,547	39,547
Reserves		-20,243	-5,105
Profit brought forward, including the year's profit		149,343	111,129
		174,663	151,468
Minority interest		508	405
Total shareholders' equity		175,171	151,873
Long-term liabilities			
Other liabilities	21	388	169
Current liabilities			
Accounts payable	21	13,446	7,347
Tax liabilities		17,724	6,669
Other current liabilities	21, 22	124,246	18,773
Accrued expenses and prepaid income	23	59,094	53,141
Total current liabilities		214,509	85,930
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		390,068	237,972
Pledged assets and contingent liabilities	24, 25		

CONSOLIDATED CASH FLOW STATEMENT			
SEK thousands	NOTE	2006	2005
Current operations			
Operating profit		62,355	48,696
Adjustments for items not included in cash flow, etc.			
Depreciation		7,419	3,876
Other items		-259	15
Financial income and expenses	17	-1,350	6,362
Paid tax for the year		-22,421	-18,419
<i>Cash flow from current operations before changes in working capital</i>		45,744	40,530
<i>Cash flow from changes in working capital</i>			
Change in accounts receivable		-6,582	-22,017
Change in other operating receivables		-5,433	-2,961
Change in accounts payable and other operating liabilities		7,391	21,903
<i>Cash flow from changes in working capital</i>		-4,624	-3,075
Cash flow from current operations		41,120	37,455
Investing activities			
Acquisitions of shares, participations and operations	17	-1,109	-5,537
Acquisition of tangible fixed assets	10	-2,482	-3,884
Acquisition of intangible fixed assets	9, 17	-136,960	-32,961
Cash flow from investing activities		-140,551	-42,382
Financing activities			
New issue	17	14,587	-
Changes in loans		80,434	-2,814
Changes in deposits		-161	-66
Dividends to shareholders		-16,218	-9,436
Cash flow from financing activities		78,643	-12,316
Cash flow for the year		-29,091	-9,332
Liquid assets, start of the year		101,145	110,477
Liquid assets, end of the year	17	72,054	101,145
Translation differences in liquid assets		-8,305	7,911

PARENT COMPANY'S INCOME STATEMENT

SEK thousands	NOTE	2006	2005
Net turnover	4	2,430	2,463
<i>Operating expenses</i>			
Other external expenses	4, 5, 7	-1,659	-1,775
Personnel expenses	8	-761	-646
<i>Total operating expenses</i>		-2,420	-2,421
OPERATING PROFIT		10	42
<i>Financial items</i>			
Profit from other securities and receivables treated as fixed assets	12	13,888	14,677
Interest income and similar profit items		268	377
Interest expenses and similar loss items		-2,065	-
<i>Total profit/loss from financial items</i>		12,091	15,054
PROFIT AFTER FINANCIAL ITEMS		12,101	15,096
Appropriations	13	-	241
Tax on profit for the year	14	-	-1,948
PROFIT FOR THE YEAR		12,101	13,389

PARENT COMPANY'S BALANCE SHEETS

SEK thousands	NOTE	12-31-2006	12-31-2005
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Participation in Group companies	16	105,422	79,180
Receivables from Group companies		85,128	4,758
Total fixed assets		190,550	83,938
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		1,646	2,007
Other receivables		6	12
Prepaid expenses and accrued income	19	114	116
<i>Total current receivables</i>		1,766	2,135
Liquid assets		8,486	25,468
Total current assets		10,252	27,603
TOTAL ASSETS		200,802	111,541

PARENT COMPANY'S BALANCE SHEETS

SEK thousands	NOTE	12-31-2006	12-31-2005
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
<i>Restricted shareholders' equity</i>			
Share capital		6,016	5,897
Reserve fund		40,726	40,726
<i>Total restricted equity</i>		46,742	46,623
<i>Non-restricted equity</i>			
Profits carried forward		55,204	42,821
Profit for the year		12,101	13,389
<i>Total non-restricted equity</i>		67,305	56,210
Total shareholders' equity		114,047	102,833
Current liabilities			
Accounts payable		128	224
Liabilities to Group companies		2,079	2,417
Tax liabilities		1,700	1,945
Other current liabilities	22	82,517	3,491
Accrued expenses and prepaid income	23	331	631
Total current liabilities		86,755	8,708
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		200,802	111,541
Pledged assets and contingent liabilities	24, 25		

PARENT COMPANY'S CASH FLOW STATEMENT			
SEK thousands	NOTE	2006	2005
Current operations			
Operating profit		10	42
Financial income and expenses	17	-98	6,670
Paid tax for the year		-	-1,948
<i>Cash flow from current operations before changes in working capital</i>		-88	4,764
<i>Cash flow from changes in working capital</i>			
Change in other operating receivables		371	326
Change in accounts payable and other operating liabilities		-1,909	6,127
<i>Cash flow from changes in working capital</i>		-1,538	6,453
Cash flow from current operations		-1,627	11,217
Investing activities			
Acquisition of shares and participations	17	-1,109	-6,456
Cash flow from investing activities		-1,109	-6,456
Financing activities			
Paid shareholders' contribution		-26,325	-31,690
New issue		14,587	-
Group contribution		1,000	-
Changes in loans		521	-2,769
Dividends received from subsidiaries		12,189	8,384
Dividends to shareholders		-16,218	-9,436
Cash flow from financing activities		-14,246	-35,511
Cash flow for the year		-16,982	-30,750
Liquid assets, start of the year		25,468	56,218
Liquid assets, end of the year	17	8,486	25,468

CHANGES IN GROUP SHAREHOLDERS' EQUITY

	NOTE 20	Share capital	Other contributed capital	Reserves	Profit brought forward	Minority participations	Total share- holders' equity
Opening balance as at January 1, 2005		5,897	79,547	1,430	29,705	233	116,812
Provisions according to Annual General Meeting				408	-408		-
Transfer of exchange rate differences from previous years				-14,073	14,073		-
Reversal of untaxed reserve				-559	559		-
Transfer according to Annual General Meeting			-40,000		40,000		-
Exchange rate differences				7,689		31	7,720
<i>Total transactions reported directly in shareholders' equity</i>		5,897	39,547	-5,105	83,929	264	124,532
Profit for the year					36,636	141	36,777
<i>Total income and expenses in shareholders' equity</i>		5,897	39,547	-5,105	120,565	405	161,309
Dividends to shareholders					-9,436		-9,436
Closing balance as at December 31, 2005		5,897	39,547	-5,105	111,129	405	151,873
Opening balance as at January 1, 2006		5,897	39,547	-5,105	111,129	405	151,873
Share-related remuneration in accordance with IFRS 2					1,434		1,434
Exchange rate differences				-15,138		48	-15,090
<i>Total transactions reported directly in shareholders' equity</i>		5,897	39,547	-20,243	112,563	453	138,217
Profit for the year					38,529	55	38,584
<i>Total income and expenses in shareholders' equity</i>		5,897	39,547	-20,243	151,092	508	176,801
New issue	19	119			14,469		14,587
Dividends to shareholders					-16,218		-16,218
Closing balance at December 31, 2006		6,016	39,547	-20,243	149,343	508	175,171

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

	NOTE 20	Share capital	Premium reserve	Reserves	Profit carried forward	Profit for the year	Total share- holders' equity
Opening balance as at January 1, 2005		5,897	79,547	771	1,138	11,527	98,880
Distribution of profits according to Annual General Meeting;							
Provisions to reserves				408	-408		-
Transfer to profit brought forward					11,527	-11,527	-
Transfer according to Annual General Meeting			-40,000		40,000		-
Effect of change in Swedish Companies Act			-39,547	39,547			-
Dividends to shareholders					-9,436		-9,436
Profit for the year						13,389	13,389
Closing balance as at December 31, 2005		5,897	-	40,726	42,821	13,389	102,833
Opening balance as at January 1, 2006		5,897	-	40,726	42,821	13,389	102,833
Distribution of profits according to Annual General Meeting;							
Transfer to profit brought forward					13,389	-13,389	-
New issue	19	119			14,469		14,587
Dividends to shareholders					-16,218		-16,218
Group contribution for the year					1,000		1,000
Tax effect of Group contribution					-257		-257
Profit for the year						12,101	12,101
Closing balance as at December 31, 2006		6,016	-	40,726	55,204	12,101	114,047

Notes

Notes to the Annual Report

NOTE 1 - General information

The parent company is a Swedish-registered public limited company headquartered in Stockholm, Sweden. The address of the head office is Grevgatan 34. The parent company is listed on the Stockholm Stock Exchanges' smaller companies list.

NOTE 2 - Accounting principles

Amounts are stated in SEK thousand unless otherwise indicated. As from January 1, 2005, BTS has prepared its consolidated accounts in accordance with the International Financial Reporting Standards, IFRS, as approved by the EU, and in line with the Swedish Financial Accounting Standards Council's recommendation RR30, Supplementary Accounting Regulations for Groups. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act.

In the absence of any statement to the contrary, these principles have also been applied to the multiple year overviews presented.

For the parent company, the provisions of the Swedish Annual Accounts Act and RR 32, Accounting for Legal Entities, have been applied. The parent company's shareholdings in subsidiaries are reported at acquisition value and untaxed reserves including the tax share.

Information about IFRS standards or interpretations that are not yet in effect and which the company has not applied in the 2006 Annual Report:

IAS 1 – *Formulation of financial reports*. Revisions of changes in shareholders' equity and disclosure requirement in terms of capital. The change will take effect for the fiscal year beginning January 1, 2007. The effect of the change for BTS is deemed insignificant.

IFRS 7 - *Financial instruments: Disclosures*. Effective as of the fiscal year beginning January 1, 2007 or later. The standard will mean that BTS must report more comprehensive supplementary information concerning financial instruments.

IFRIC 7 – *Restatement approach under IAS 29 Financial Reporting in Hyperinflationary economies*. Effective as of the fiscal year beginning March 1, 2006 or later. The change is deemed to have no effect for BTS.

IFRIC 8 – *Scope of IFRS 2*. Effective as of the fiscal year beginning May 1, 2007 or later. The change is deemed to have no effect for BTS.

IFRIC 9 – *Reassessment of Embedded Derivatives*. Effective as of the fiscal year beginning June 1, 2006 or later. The change is deemed to have no effect for BTS.

IFRIC 10- *Interim Financial Reporting and Impairment*. Effective as of the fiscal year beginning November 1, 2006 or later. The change is deemed to have no effect for BTS.

Consolidated accounts

The consolidated accounts include the accounts for all subsidiaries. A subsidiary is a company in which the parent company, directly or indirectly, holds shares that represent more than 50 percent of the votes or otherwise maintains a controlling influence. BTS owns 90.1 percent of BTS Australasia

PTY Limited. All other subsidiaries are wholly-owned by the parent company. Subsidiaries are included in the consolidated accounts effective the day on which controlling influence is transferred to the Group. The Group's financial statements are prepared in accordance with the acquisition method, which means that the subsidiaries' own capital at the time of their acquisition, defined as the actual difference between assets and liabilities, is eliminated in full. The Group's shareholders' equity thus only contains that part of the subsidiaries' shareholders' equity held by these companies subsequent to the purchase. The surplus which is the difference between the acquisition value and the actual value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is reported as goodwill.

All intra-Group transactions and balance sheet items have been eliminated.

Subsidiaries are run with a high level of independence and transactions with the parent company account for only a small part of their business. The profit and financial positions of all Group companies that have a different functional currency than reporting currency, are restated in the Group's reporting currency as follows:

- assets and liabilities for each of the balance sheets is restated at closing day rate,
- income and expenses for each of the income statements is restated at average rate,
- exchange rate differences that arise are reported as a separate part of the shareholders' equity.

When acquiring subsidiaries an additional purchase price may be charged. The anticipated additional purchase price is set based on assessments of whether the conditions for payment are fulfilled.

The exchange rates for the currencies in which the Group received income were:

	average 2006	December 31 2006	average 2005	December 31 2005
USD	7.38	6.87	7.47	7.95
GBP	13.57	13.49	13.57	13.73
EUR	9.25	9.05	9.28	9.43
ZAR	1.10	0.99	1.17	1.26
AUD	5.55	5.44	5.69	5.83
CHF	588.40	563.10	599.50	605.80

Other currencies have not had a significant effect on the consolidated balance sheets and income statements.

Income/ongoing commissions

Income is booked on delivery of services to the client in accordance with the sales conditions. Sales are booked at net value after VAT, and with any applicable exchange rate differences for sales in foreign currency.

Income from completed service assignments and the expenses attributable to these assignments are booked as income and expenses respectively, in relation to the degree of completion of the assignment at the balance sheet date (successive profit offset). The degree of completion of an assignment is defined by comparing the expenses paid at balance sheet date with the calculated total expenses. In the event that the outcome of a service assignment cannot be calculated in a reliable manner, the income from this assignment is only booked to the extent that it corresponds to the assignment expenses that have arisen and which are likely to be covered by the client. Losses incurred on assignments are entered immediately as expenses.

Research and development

Expenses linked to customer-specific product development are expensed immediately. Expenses related to development projects (i.e. attributable to the development and testing of new or improved products) are posted as intangible assets to the extent to which such expenses can be expected to generate economic advantages in the future. The company has not carried out any research or development according to the definition in IAS 38. The development normally carried out by BTS concerns customer-specific product development.

Remuneration to employees

Pensions

The Group has different pension plans in different countries. All plans are defined-contribution pension plans and the assets are managed by external parties. The company pays fixed fees and has thereby fulfilled its obligations. The Group's profit is burdened by the expenses at the rate the pensions are earned.

Share-related remuneration

BTS Group AB issued employee stock options to the Group's employees in 2006. The plan facilitates for the employees to acquire stock in the company. The actual value of the allocated stock options has been reported as employee expenses with a comparable increase of shareholders' equity. The actual value is calculated at the time of allocation and distributed over the qualification period. The actual value of the allocated stock options are calculated in accordance with the Black & Scholes model with consideration taken to the conditions that applied at the time of allocation. The expenses reported corresponds to the actual value of an estimate of the number of stock options and shares expected to qualify. Social benefit expenses attributable to share-related remuneration to the employees as remuneration for purchased services are booked distributed over the periods during which the services are completed. Provisions for social benefit expenses are based on the stock options' actual value at the time of the report. The actual value is calculated using the same valuation models used when the stock options were issued.

Provisions

A provision is reported when the company has a legal or informal obligation which it is deemed that the company will be required to settle and a reliable estimate of the amount can be made, and if it is likely that an outflow of economic resources will be required to settle the obligation. Any relevant provisions will be valued at the current value of the amount that is deemed necessary to settle the obligation. In this context a discount rate before tax is used that reflects a current market assessment of the time-dependent value of money and the risks associated with the provision.

Borrowing

Borrowing expenses burden the result for the period to which they refer, except in cases where funds are borrowed to acquire an asset, since borrowing expenses are included in the asset's acquisition value. Borrowing is initially reported at the amount received less transaction expenses. After the date of acquisition the loan is valued at accrued acquisition value in line with the effective interest method. Long-term liabilities have an anticipated term of longer than 12 months while current liabilities have a term shorter than 12 months.

Income taxes

Reported income taxes comprise taxes that are to be paid or received with regard to the year in question as well as changes in the deferred tax. All taxes payable and receivable are valued at nominal amounts in accordance with the tax rules and tax rates that have been decided or announced and which most probably will be adopted. Items entered in the income statement are thus reported along with the associated tax effects in the income statement. Tax effects of items reported directly against shareholders' equity are reported against shareholders' equity. Current tax is the tax to be paid or received for the current year. This includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the reported and tax values of assets and liabilities. Deferred tax claims relating to deficit deductions or other future tax-related deductions are reported to the extent that it is likely that can be deducted against profits for future taxation.

Reports per segment

The Group's risks and opportunities are influenced primarily through its activities in different countries and on different geographic markets, which is why the operational segment is the primary area of division. As the Group's business is only managed and reported per geographical market, no secondary segment is reported.

To distribute Group-wide expenses, each subsidiary's respective share of the Group's total turnover is used as an index for distributing overhead.

Leasing and rental agreements

When leasing contracts involve the company as the lessee, thus allowing the company to benefit from all the financial advantages and risks associated with the object of the lease, this item is entered as a fixed asset in the consolidated balance sheet. The corresponding obligation to pay leasing charges in the future is entered as a liability. Assets are depreciated at a pace corresponding to their expected period of use. Leasing in which a significant share of the risks and benefits associated with ownership are retained by the leaser is classified as operational leasing. Payments made during the leasing term are booked in the income statement on a straight-line basis over the term of the leasing agreement.

Tangible fixed assets

Tangible fixed assets are reported at acquisition value less accumulated depreciation and impairment expenses, if any. Acquisition value includes expenses that are directly attributable to the acquisition of the asset. Planned depreciation is performed on a straight-line basis on the basis of the acquisition value and the evaluated period of use. The following depreciation periods are applied to existing assets:
- equipment and installations, 3–6 years.

The residual value and period of use of the assets are tested annually and adjusted as necessary.

Intangible fixed assets

Goodwill

Goodwill is the difference between the acquisition value and the actual value of the Group's share of the acquired subsidiary's identifiable net assets at the time of the acquisition. The acquisition value of subsidiaries includes conditional supplementary purchase prices only once it is deemed probable that the conditions in question will be fulfilled. Goodwill is tested annually for any indication of impairment and reported at acquisition value less accumulated impairment expenses. Profits or losses on the sale of a unit include the residual reported value of the goodwill relating to the divested unit.

Products, technology and software

Acquired products, technology and software have a limited period of use and are reported at acquisition value less accumulated depreciation and any impairment expenses. Depreciation is performed on a straight-line basis throughout the estimated period of use (2–9 years).

Franchise-holder contracts

Acquired franchise-holder contracts have a limited period of use and are reported at acquisition value less accumulated depreciation and any impairment expenses. Amortization is performed on a straight-line basis throughout the estimated period of use (10 years).

Customer contracts

Acquired customer contracts have a limited period of use and are reported at acquisition value less accumulated depreciation and any impairment expenses. Depreciation is performed on a straight-line basis throughout the estimated period of use (2-15 years).

Brands

Acquired brands that have an undetermined period of use are reported at acquisition value less accumulated impairment expenses as appropriate. Impairment tests are performed annually or more frequently if there is any indication of decrease in value.

Acquired brands that have a limited period of use are reported at acquisition value less accumulated amortization and impairment expenses as appropriate. Amortization is performed on a straight-line basis throughout the estimated period of use (10 years).

Impairment tests

Impairment tests are carried out when there is indication that tangible, intangible or financial fixed assets have a booked value that exceeds their recovery value. In this context, recovery value is taken to mean the higher of the net sales value and utilization value of an asset. If it is not possible to establish this for individual assets, the relevant recovery value is calculated for the smallest cash-generating unit to which the asset belongs.

The Group performs impairment tests for goodwill and brands every year in accordance with the following principle:

The recovery values are based on utilization value, calculated as the current value of future growth and earning forecasts over a multiple-year period, and on extrapolated cash flows beyond the multiple-year period. Impairment tests are initially performed solely on the acquired cash-generating unit. If it transpires that the amount reported exceeds the utilization value of the unit, the test is performed on the primary segments amongst which goodwill was distributed.

Important estimates and assessments

To prepare the financial statements in accordance with IFRS, executive management must make assessments, estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historic experience and a number of other factors that during the current circumstances appear reasonable. The result of these estimates and assumptions is then used to assess the reported values for assets and liabilities that would otherwise not be evident in other sources. The actual outcome may deviate from these estimates and assessments.

Estimates and assumptions are regularly reviewed. Changes in the estimates are reported in the period in which the change is made if the change affected only that period.

Impairment tests for goodwill and intangible fixed assets with undetermined utilization periods

Every year the Group performs impairment tests for goodwill and intangible fixed assets with undetermined utilization periods in accordance with the principle described above. The recovery value for cash-generating units has been determined by calculating the utilization value. Certain estimates must be made for these calculations; please see note 9.

Establishment of supplementary purchase price

In order to establish anticipated supplementary purchase prices, the Group makes realistic evaluations of future growth and multi-year earning forecasts separately for each subsidiary acquired.

Financial instruments:

Financial assets and liabilities are reported in the balance sheets wherever there is a contractual right or obligation to pay or receive cash or other financial assets to or from another party, or to exchange one financial instrument for another that proves favorable or unfavorable.

The Group classifies and values financial instruments in the following categories:

a) Financial assets valued at actual value via the income statement.

This refers to financial assets held for trading. Derivative instruments that are not hedging instruments are also placed in this category. The calculated actual value is based on market prices.

b) Loans and accounts receivable

Refers to non-derivative financial assets with establishable payments that are not listed on an active market. These are reported at accrued acquisition value through application of the effective interest method, less any reservations for decline in value.

The effective interest method distributes interest income and expense over the period in question. The effective interest is the interest that exactly discounts the estimated financial deposits and payments at the booked net value of the financial asset or liability.

Current receivables such as accounts receivable are considered to constitute a reasonable approximation of the actual value, which is why the current value of these is not calculated. Reservations for doubtful receivables are made after testing in each individual case.

c) Financial instruments held until maturity

Refers to non-derivative financial assets with establishable payments and fixed terms that are held until maturity. These are reported at accrued acquisition value through the application of the effective interest method.

d) Financial assets that can be sold

Refers to non-derivative assets intended for sale. These are valued at actual value directly against equity - excepting impairment expenses - until the asset is removed from the balance sheet when the profit or loss is reported in the income statement.

e) Financial liabilities

The financial liabilities held during the year are valued at the accrued acquisition value through application of the effective interest method. Current liabilities such as accounts payable are considered to constitute a reasonable approximation of the actual value, which is why the current value of these is not calculated.

f) Liquid assets

Liquid assets are cash and immediately available credit in banks and similar institutions, plus current liquid investments with a term of less than three months from the date of acquisition.

Financial risk management

Principles for financing and financial risk management

The Board controls and monitors BTS' financing activities and financial risks. Financing and risk management have been collated under the Group finance function. The aim of the company's risk management is to optimize the consolidated capital expenses and, in a carefully thought-out manner, to manage and control the consolidated financial risks. Hedging instruments may be used within set parameters. Future payments are not normally hedged. Investments of liquid assets may be made in interest-bearing accounts or in interest-bearing securities with a low credit risk. The remaining term of the investment portfolio must not exceed nine months.

Currency risks

The Group is exposed to currency risks linked to the translation of overseas subsidiaries, which influences the consolidated results and shareholders' equity. The currencies that have the greatest influence are USD, EUR and GBP. Transaction exposure is limited as income and expense are primarily in the same currency on the various markets. BTS does not normally hedge its currency exposure.

Counterparty risks

BTS only accepts creditworthy counterparties in financial transactions. BTS' accounts receivable are spread among a large number of companies operating in a variety of sectors.

Liquidity and interest risks

BTS policy is to allow borrowing pursuant to the Board's approval. Excess liquidity in subsidiaries is initially to be used to amortize loans. Interest risks are limited to the fluctuating yield on the liquid assets invested at variable rates.

Transactions in foreign currencies

Items covered in the financial statements for the Group companies are valued in the currency that is used where each respective subsidiary conducts its main business activities (functional currency). Swedish krona (SEK), the parent company's functional currency and reporting currency, is used in the consolidated accounts.

Receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date, with any exchange rate differences being taken to income. Exchange rate differences concerning operating receivables and liabilities are reported in the operating profit/loss, while exchange rate differences attributable to financial assets and liabilities are reported as financial income and expenses.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions that result in payments being made or received. Cash flow is reported divided among current operations, investing activities and financing activities.

The category of liquid assets includes, apart from cash and bank balances, short-term financial investments that are only exposed to insignificant risk of value fluctuations, or traded on the open market for known amounts, or that have a remaining maturity term of less than three months from the balance sheet date.

NOTE 3 - Distribution of net turnover and distribution of net profit per operative unit

Net turnover per operative unit, SEK thousands	2006	2005
The Group		
North America*	245,173	176,222
Europe	113,044	88,629
Other markets	20,880	21,268
Total	379,097	286,119
* North America		
BTS	201,511	176,222
APG and RLC	43,662	-
Total	245,173	176,222

Operating profit per operative unit, SEK thousands	2006	2005
North America*	40,449	27,144
Europe	18,577	17,918
Other markets	3,330	3,635
Total	62,355	48,696
* North America		
BTS	35,589	27,144
APG and RLC	4,860	-
Total	40,449	27,144

NOTE 4 - Transactions with affiliated companies

Purchasing and sales between Group companies

Market terms and conditions apply to the supply of services between subsidiaries. No transactions have been completed with other affiliates.

Parent company

Of the parent company's total purchasing expenses and sales income, 0 (0) percent refers to purchasing and 100 (100) percent to sales to other Group companies.

NOTE 5 - Information about auditors' fees

Fees and remuneration, SEK thousands	The Group		Parent company	
	2006	2005	2006	2005
ÖhrlingsPricewaterhouseCoopers				
Audit assignments	418	471	198	298
Other assignments	-	-	-	-
Other auditors				
Audit assignments	335	229	-	-
Other assignments	90	144	-	-
Total	843	844	198	298

NOTE 6 - Leasing and rental agreements

The Group

The Group has no financial leasing contracts. The expense of operational leasing contracts amounts to 12,287 (10,784) for the year. Future leasing and rental fees concerning operational leasing contracts with maturity terms in excess of one year amount to:

	SEK thousands
2007	16,854
2008	6,398
2009	4,219
2010	558
Thereafter	-
Total	28,029

NOTE 7 - Exchange rate differences

SEK thousands	The Group		Parent company	
	2006	2005	2006	2005
Exchange rate differences have impacted operating profit by:	-1,997	1,649	-53	42

NOTE 8 - Average number of employees, salaries, other remuneration and social security expenses etc.

1) Average number of employees

The Group	2006		2005	
	No. of employees	Of which men	No. of employees	Of which men
Subsidiaries				
Sweden	30	17	32	21
US	83	57	74	53
UK	10	7	11	8
Other	42	31	26	20
Total for the Group	165	112	143	102

Gender distribution among senior executives

	2006		2005	
	Women	Men	Women	Men
CEO and other Senior Executives (excl. the Board)	0	5	0	5
The Board	1	4	1	4

In this context, "other senior executives" refers to the four people who together with the CEO, constitute the Group management.

Parent company

The parent company had no employees in 2006.

2) Salaries, other remuneration, and social security expenses

SEK thousands	2006		2005	
	Salaries and remuneration	Social security expenses of which pension expenses	Salaries and remuneration	Social security expenses of which pension expenses
Subsidiaries	141,275	23,536	118,957	19,400
		7,213		5,471

Pension expenses for employees who hold the position of CEO or member of the Board of a Group company total 1,681 (1,400). All pension plans are defined-contribution plans.

Parent company

Fees amounting to 575 (488) have been paid to Board members, of which 241 (195) was remuneration to the Chairman of the Board. No parent company Board member has received any remuneration other than Board fees. For the CEO, see the figures for remuneration for senior executives below.

3) Salaries and other remuneration by country and divided between Board members, etc. and other employees

SEK thousands	2006		2005	
	The Board and CEO	Other employees	The Board and CEO	Other employees
In Sweden				
The parent company	575	-	488	-
Subsidiaries	1,631	16,952	1,532	19,397
Total, Sweden	2,206	16,952	2,020	19,397
Outside Sweden				
US	7,761	81,830	6,928	68,413
UK	2,301	6,533	2,741	5,699
Other	5,820	17,871	5,328	8,431
Total, outside Sweden	15,882	106,234	14,997	82,543
Total for the Group	18,088	123,186	17,017	101,940

Remuneration to senior executives

"Other senior executives" refers to the four (four in 2005) people who together with the CEO constitute the Group management team. This sum includes basic salary, other benefits, variable remuneration and pension expenses. "Other benefits" refers exclusively to company cars. The total sum of remuneration paid to senior executives was KSEK 15,112 (15,121), of which pension expenses accounted for KSEK 1,505 (1,606). All pension plans are defined-contribution plans.

Salary and other benefits amounting to KSEK 3,255 (3,231) have been paid to the CEO, KSEK 998 (923) of which was variable remuneration. Variable remuneration is calculated using a model that triggers payment when the Group result exceeds predefined profitability targets. The CEO has a defined benefit pension entitlement amounting to 25 (25) percent of the fixed salary, which is paid in the form of pension insurance with the right to a pension from the age of 65. The CEO's employment contract states a mutual period of notice of six months. In addition, in the event of the company terminating his employment contract, the CEO is entitled to a severance package corresponding to 12 monthly salary payments. None of the other senior executives are entitled to a severance package. Other senior executives have been paid salaries and other benefits totaling KSEK 10,352 (10,284), of which variable remuneration accounted for KSEK 5,076 (5,334). Variable remuneration is based on targets achieved for the company and the individual. Provisions to pensions are made individually in the range of 13–30 percent of the fixed salary and paid in the form of pension insurance with entitlement to a pension from the age of 65.

Share-related remuneration

The BTS Group issued employee stock options to the Group's employees in 2006. The employee stock option plans comprise a maximum of 840,000 employee stock options, entitling employees in the US to acquire a maximum of 495,000 Class B shares and employees in other countries including Sweden a maximum of 345,000 Class B shares.

Each employee stock option allocated to employees in the US gives the holder the right to acquire one Class B share in BTS at an exercise price of SEK 46.50. Each employee stock option allocated to employees in other countries including Sweden gives the holder the right to acquire one Class B share in BTS at an exercise price of SEK 55.00. Each employee stock option has a maturity term of four years. The options are restricted in utilization, which means that they become gradually utilizable over a three-year period after allocation, normally by 1/3 of the total number of allocated options per year, provided that certain members of the company's Board show that established financial goals have been attained. Utilization of employee stock options requires in principle that the employee continues to be employed by the company.

Changes in the number of outstanding options and their average exercise price is as follows:

	2006		2005	
	Average exercise price per share, SEK	Options (thousands)	Average exercise price per share, SEK	Options (thousands)
As at January 1	-	-	-	-
Allocated	50.21	784	-	-
As at December 31	50.21	784	-	-

The utilization of employee stock options may occur after the options have become utilizable during the following periods:

- 05-01-2007–05-31-2007
- 11-01-2007–11-30-2007
- 05-01-2008–05-30-2008
- 11-03-2008–11-28-2008
- 05-01-2009–05-29-2009
- 11-02-2009–11-30-2009
- 02-22-2010–03-19-2010

A maximum of 24,300 employee stock options per person may be allocated to senior executives and 9,000 per person to other employees. A small number of senior executives in the US may however be allocated a maximum of 99,000 options per person. No individual shall be guaranteed allocation of employee stock options. Board members appointed at the AGM who are not employees of the company or another Group company, or the CEO of the parent company, shall not be allocated any options. On allocation of employee stock options, employees' performance and position, along with their significance for the future development of BTS, shall be taken into account.

Expenses, primarily social security expenses, arise from the utilization of employee stock options as regards employees outside the US. The American options are so-called ISO options, which means that these, under current legislation, are not subject to social security expenses. The social security expenses attributable to employee stock options allocated to employees outside the US are expensed on a running basis concurrently with growth in the share price during the maturity term of the options.

The value of the employee stock options was calculated by applying Black & Scholes' valuation model based on the share price and other market conditions existing as at May 5, 2006, without taking limitations on the right of disposal into account. In view of performance-related conditions and assuming an annual staff turnover of 5 percent, the accounting expense was estimated at a total of MSEK 3.4, which in line with IFRS 2 is annually periodized during the period of service. Other important data to be input in the model are the price paid on the allocation date (SEK 42.30), the above exercise price, volatility of 30 percent, anticipated dividend of SEK 0.92 (and thereafter dividend growth of 10 percent per year) and risk-free interest of 3.0, 3.2 and

3.3 percent for maturity terms of 2, 3 and 4 years respectively. To be able to implement the employee stock option plans in a expense-effective, flexible manner and cover accruing expenses, mainly security expenses, it was also decided at the AGM on April 7, 2006 that a directed new issue of warrants in BTS Sverige AB, 556566-7127, would be carried out. This gave entitlement to subscription of a maximum of 943,500 Class B shares, with BTS Sverige having the right and obligation to transfer or in some other way dispose of warrants to secure the company's obligations and cover accruing expenses due to the employee stock option plans.

Assuming that all warrants as above are utilized for subscription of new shares, the company's share capital will increase by 314,500 and give rise to dilution corresponding to a maximum of approximately 5 percent of the share capital and a maximum of approximately 4 percent of the number of votes for all shares.

NOTE 9 - Intangible fixed assets

SEK thousands	12-31-2006	12-31-2005
The Group		
<i>Goodwill</i>		
Opening accumulated acquisition value	35,683	3,744
Opening impairment expenses	-	-
Purchasing	116,946	31,939
Translation difference	-2,756	-
Closing accumulated acquisition value	149,873	35,683
Closing booked value	149,873	35,683

Other intangible fixed assets

SEK thousands	12-31-2006	12-31-2005
<i>Franchise-holder contracts</i>		
Opening accumulated acquisition value	-	-
Purchasing	8,497	-
Translation difference	-	-
Closing accumulated acquisition value	8,497	-
Opening accumulated depreciation	-	-
Depreciation for the year	153	-
Translation difference	-	-
Closing accumulated depreciation	153	-
Closing booked value	8,344	-

SEK thousands	12-31-2006	12-31-2005
<i>Products, technology and software</i>		
Opening accumulated acquisition value	12,644	-
Purchasing	18,714	12,644
Translation difference	-1,595	-
Closing accumulated acquisition value	29,763	12,644
Opening accumulated depreciation	2,012	-
Depreciation for the year	4,090	2,012
Translation difference	-268	-
Closing accumulated depreciation	5,834	2,012
Closing booked value	23,929	10,632

SEK thousands	12-31-2006	12-31-2005
<i>Customer contracts</i>		
Opening accumulated acquisition value	1,973	-
Purchasing	2,328	1,973
Translation difference	-235	-
Closing accumulated acquisition value	4,066	1,973
Opening accumulated depreciation	186	-
Depreciation for the year	527	186
Translation difference	-21	-
Closing accumulated depreciation	692	186
Closing booked value	3,374	1,785

SEK thousands	12-31-2006	12-31-2005
<i>Brands</i>		
Opening accumulated acquisition value	2,878	-
Purchasing	7,226	2,878
Translation difference	-342	-
Closing accumulated acquisition value	9,762	2,878
Opening accumulated depreciation	-	-
Depreciation for the year	196	-
Translation difference	-	-
Closing accumulated depreciation	196	-
Closing booked value	9,566	2,878
Total closing booked value Other intangible fixed assets	45,213	15,296

Impairment test

Goodwill and other intangible assets are distributed between the cash-generating units expected to benefit from the synergies of the acquisition. The recovery values are based on the utilization value, calculated as the current value of future growth and earnings forecasts over a four-year period, and on extrapolated cash flows beyond the four-year period. Impairment tests are initially performed solely on the acquired cash-generating unit. If it transpires that the amount reported exceeds the utilization value of the unit, the test is performed on the primary segments amongst which goodwill was distributed.

Material assumptions used to calculate utilization values:

- Budgeted operating margin
- Growth rate to extrapolate cash flows beyond the budget period

- Discount rate applied for estimated future cash flows.

The budgeted operating margin has been established based on previous earnings and expectations of future market development. To extrapolate cash flows beyond the budget period, a growth rate of 5 percent has been used for all cash-generating units, which is judged to be a conservative estimate. Furthermore, an average discount rate in local currency after tax was used for the calculations. Taken together the discount rate used is in the interval of 9.5 – 11 percent.

The impairment tests conducted show that there is no indication of a need for impairment as per December 31, 2006.

A sensitivity analysis has been carried out for each cash-generating unit, the results of which are given below:

- If the estimated operating margin beyond the budget period was 10 percent lower than the basic assumption, the overall recovery value would decrease by 11 percent.
- If the estimated growth rate to extrapolate the cash flows beyond the budget period had been 10 percent lower than the basic assumption of 5 percent, the overall recovery value would decrease by 7 percent.
- If the estimated weighed capital expense used for the discounted cash flows for the Group had been 10 percent higher than the basic assumption of 9.5 – 11 percent, the overall recovery value would decrease by 17 percent.

The estimates are hypothetical and should not be seen as an indication of these factors being more or less likely to change. The sensitivity analysis should therefore be interpreted with caution. None of the hypothetical cases above would cause a need for impairment in an individual cash-generating unit.

Distribution by segment of goodwill and other intangible assets

SEK thousands	12-31-2006			
The Group	North America	Europe	Other markets	Total
Goodwill	128,904	20,969	-	149,873
Products, technology & software	22,097	1,832	-	23,929
Franchise-holder contracts	8,344	-	-	8,344
Customer contracts	3,200	174	-	3,374
Brands	8,705	862	-	9,566
	171,250	23,837	-	195,086

SEK thousands	12-31-2005			
The Group	North America	Europe	Other markets	Total
Goodwill	13,533	22,150	-	35,683
Products, technology & software	7,394	3,238	-	10,632
Franchise-holder contracts	-	-	-	-
Customer contracts	1,149	636	-	1,785
Brands	1,845	1,033	-	2,878
	23,920	27,057	-	50,978

NOTE 10 - Tangible fixed assets

SEK thousands	12-31-2006	12-31-2005
The Group		
<i>Equipment</i>		
Opening accumulated acquisition value	14,947	8,990
Purchasing	2,482	5,366
Sales and disposals	-321	-437
Translation difference	-1,213	1,028
Closing accumulated acquisition value	15,895	14,947
Opening accumulated depreciation	9,512	6,800
Sales and disposals	-321	-282
Depreciation for the year	2,030	2,249
Translation difference	-705	745
Closing accumulated depreciation	10,515	9,512
Closing booked value	5,380	5,435

NOTE 11 - Reporting by segment

The Group

Primary segment

The Group's operations are governed and reported primarily per geographic market, based on the location of the responsible operative unit, which itself primarily develops and supplies the solutions sold on the relevant markets. However, this does not apply to web solutions designed by BTS Interactive. Billing of services between the operative units is done by billing time expended as per market conditions. Shared Group expenses are invoiced, and amortization of intangible assets is distributed.

SEK thousands	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	North America ¹⁾		Europe ²⁾		Other markets ³⁾		Elimination & undistributed		The Group	
<i>Income</i>										
External sales	245,173	176,222	113,044	88,629	20,880	21,268			379,097	286,119
Internal sales	2,836	649	20,919	19,292	2,570	214	-26,325	-20,156	-	-
Total income	248,008	176,872	133,963	107,922	23,450	21,482	-26,325	-20,156	379,097	286,119
<i>Operating profit</i>										
Operating profit	40,449	27,144	18,577	17,918	3,330	3,635			62,355	48,696
Financial income							927	6,456	927	6,456
Financial expenses							-2,276	-95	-2,276	-95
Tax on profit for the year							-22,421	-18,281	-22,421	-18,281
Profit for the year									38,584	36,777
<i>Other information</i>										
Assets	296,868	118,633	67,492	90,915	14,329	15,030	11,379	13,395	390,068	237,973
Liabilities	102,137	55,439	18,215	22,498	2,708	5,201	91,837	2,962	214,897	86,099
Investments	138,265	29,113	1,986	12,620	300	649			140,551	42,382
Depreciation tangible fixed assets	1,080	571	706	939	342	262			2,128	1,772
Amortization intangible fixed assets	4,127	1,652	1,143	451	-	-			5,270	2,103

1) External sales, of which BTS 201,511 (176,222), and APG & RLC 43,662 (0).

2) External sales, of which the Nordic region 41,827 (47,199), UK 34,964 (32,431), Spain 12,988 (8,999) BGF 11,884 (0) and Brussels 11,379 (0).

3) External sales, of which Australia 15,189 (16,263), and South Africa 5,691 (5,005).

As the Group's operations are only managed and reported per geographical market, no secondary segment is reported.

NOTE 12 - Financial items

SEK thousands	2006	2005
The Group		
Interest income	1,170	1,309
Exchange rate gains	106	5,148
Exchange rate losses	-347	-
	927	6,457
Interest expenses	-2,277	-95
Total profit/loss from financial items	-1,350	6,362
Parent company		
<i>Profit from other securities and receivables treated as fixed assets</i>		
Dividends from subsidiaries	12,189	8,384
Interest income from subsidiaries	1,941	1,394
Exchange rate gains	106	4,899
Exchange rate losses	-348	-
	13,888	14,677
Interest income and similar profit items	268	377
Interest expenses and similar loss items	-2,065	-
Total profit/loss from financial items	12,092	15,054

NOTE 13 - Appropriations

SEK thousands	2006	2005
Parent company		
Reversal of tax allocation reserve	-	241

NOTE 14 - Tax on profit for the year

SEK thousands	2006	2005
The Group		
Actual tax for the year	-22,997	-18,372
Deferred tax pertaining to temporary differences	576	91
	-22,421	-18,281
Parent company		
Actual tax for the year	-257	-1,948
Tax effect of Group contribution	257	-
	-	-1,948

Reconciliation of effective tax

SEK thousands	2006	2005
The Group		
Profit before tax	61,006	55,058
Tax expenses calculated according to Swedish income tax rates	-17,082	-15,416
Effect of different tax rates	-5,582	-2,701
Non-deductible expenses	-175	-321
Non-taxable income	447	2
Tax attributable to previous years	-30	155
Reported effective tax	-22,421	-18,281
Effective tax rate	36,8%	33,2%

The increase in effective tax rate is attributed to the North American operative unit's relatively higher share of the Group's profit due to the acquisitions carried out in 2006.

SEK thousands	2006	2005
Parent company		
Profit before tax	12,101	15,337
Tax expense calculated according to Swedish income tax rates	-3,388	-4,295
Dividends from subsidiaries	3,390	2,348
Non-deductible expenses	-2	-1
Non-taxable income	-	-
Reported effective tax	-	-1,948
Effective tax rate	0,0%	12,7%

NOTE 15 - Earnings per share

The Group

a) Before dilution

Earnings per share before dilution are calculated by dividing the profit attributable to the parent company's shareholders with the weighed average number of outstanding common stock during the period.

	2006	2005
The year's profit attributable to the parent company's shareholders, SEK thousands	38,531	36,643
Average number of shares before dilution (thousands)	17,812	5,897
Earnings per share, before dilution, SEK	2.18	2.07 ¹

b) After dilution

In calculating the earnings per share after dilution, the weighed average number of outstanding common stock is adjusted for the dilution effect of all potential common stock. The parent company has stock options as potential stock with dilution effect. The stock options give rise to a dilution effect when the average price for common stock during the period exceeds the exercise price for the options.

	2006	2005
The year's profit attributable to the parent company's shareholders, SEK thousands	38,531	36,643
Average number of shares before dilution (thousands)	17,829	5,897
Earnings per share, after dilution, SEK	2.18	2.07 ¹

¹ Previous years' earnings per share have been adjusted using a 0.3333 correction factor due to the 3:1 split in May 2006.

NOTE 16 - Financial fixed assets

Parent company

Participation in Group companies	No. of shares	Proportion of equity, %	Booked value 12-31-2006	Booked value 12-31-2005
Parent company holdings:				
			SEK thousands	SEK thousands
BTS Sverige AB Company reg. no. 556566-7127 Domicile: Stockholm	5,000	100	7,838	7,838
BTS US, Inc. Company reg. no. 06-1356708 Domicile: Connecticut	1,000	100	78,396	52,071
BTS in London Ltd. Company reg. no. 577 1376 13 Domicile: London	5,000	100	6,901	6,901
Business Training Systems A/S Company reg. no. 957 694 187 Domicile: Oslo	100	100	94	94
Catalysts for profitability and growth Ltd Company reg. no. 1998/010779/07 Domicile: Centurion	1,000	100	1	1
BTS Finland AB Company reg. no. 556583-1673 Domicile: Stockholm	1,000	100	100	100
BTS Australasia Pty Ltd Company reg. no. 099 066 501 Domicile: Sydney	45,050	90.1	234	234
Business Training Solutions S.L. Company reg. no. B95138160 Domicile: Bilbo	1,031	100	7,443	7,526
BTS Management SA Company reg. no. 01 73.802 11 Domicile: Geneva	1,000	100	673	673
Business Game Factory Oy Company reg. no. 1807788-2 Domicile: Helsinki	90,750	100	3,154	3,154
BTS Brussels NV Company reg. no. 878.155.648 Domicile: Brussels	620,000	100	587	587
Total shares in subsidiaries			105,422	79,180
Opening acquisition value			79,180	41,034
Investment/Acquisition			26,242	38,146
Closing acquisition value			105,422	79,180

NOTE 17 - Cash flow information and acquisitions

Liquid assets

The definition of liquid assets is presented in the section entitled "Accounting principles" above. On the balance sheet date there was only cash in hand and bank balance.

SEK thousands	The Group		Parent company	
	2006	2005	2006	2005
<i>Financial income and expenses</i>				
Interest income	1,170	1,309	2,209	1,771
Exchange rate gains	106	5,148	106	4,899
Exchange rate losses	-347	-	-348	-
	927	6,457	1,967	6,670
Interest expenses	-2,277	-95	-2,065	-
	-1,350	6,362	-98	6,670

Acquisition of The Advantage Performance Group (APG) and The Real Learning Company (RLC)

BTS completed the acquisition of all business operations in The Advantage Performance Group (APG) and The Real Learning Company (RLC) on September 25, 2006. The acquisitions of APG and RLC have provided BTS with some of the US's most experienced individuals in the training sector alongside a vast Fortune 1000-heavy client base in the US.

Through RLC, BTS gains access to a high-qualitative product portfolio that concentrates on sales and leadership development, as well as development resources in areas where BTS aims to grow. APG's franchise organization consists of the equivalent of 35 fulltime sales representatives and product experts that work exclusively with APG's portfolio of training products. In addition, APG has access to over 100 qualified instructors who are in charge of carrying out the projects.

Integration activities proceeding according to plan with early synergies
Integration of the acquired companies, APG and RLC, generated two new contracts during Q4 2006 through coordinated sales activities between RLC/APG and BTS' sales organizations. Contracts were signed for a total value exceeding MSEK 2.

The internal climate among BTS and APG/RLC's employees is optimistic and the respective corporate cultures have proven to be a good match. BTS has allocated earmarked resources to train all company units' account managers in identifying new business opportunities that the expanded product portfolio offers and to provide sales support in executing new business. During the period, BTS initiated several negotiations with many of the company's key customers about how BTS can fulfill and supply solutions to meet more of their current and future needs. BTS implemented a close, smoothly operating collaboration with APG and RLC in order to offer training and support for BTS' solutions, too.

Many of the essential basic conditions for the acquisition of APG and RLC have been confirmed. The companies complement each other. Only 10% of the respective client bases overlap, corresponding to 20 of the 200 leading US-based companies included in RLC and APG's client bases. Examples of key clients of APG and RLC include: Toyota, UPS, Bristol-Myers Squibb, American Express, Wells Fargo, Ingersoll-Rand, Daimler-Chrysler, Genetech, Catholic Health and Insight.

The acquisition's effect on earnings and financial position

The acquired companies contributed MSEK 43.7 in income and MSEK 4.9 in operating profit to the BTS Group for the period September 25 – December 31, 2006.

The year's increase in goodwill and other intangible fixed assets in the consolidated balance sheets is solely attributable to these acquisitions and a minor adjustment of the forecasted final supplementary purchase price related to the earlier acquisition of the Spanish company I-Simco S.L. in 2003.

The information provided below for corporate acquisitions is insignificant from an individual perspective, which is why the details are presented in an aggregated form.

Purchase price and financing; acquisition analysis and goodwill

BTS acquired all business operations included in APG and RLC, including all intellectual property rights and USD 1.7 million in net current assets without assuming any interest-bearing liabilities. An external market valuation of the acquired assets was conducted in conjunction with the acquisition.

The agreed purchase price includes:

- USD 2 million in a new issue of 356,400 Class B BTS shares directed at sales representatives at a subscription price of SEK 40.93. The issue was carried out in line with the authorization from the last AGM. The shares are covered by a 26–30 month lock-up clause. The new issue was carried out during Q4, 2006.
- Final cash payment corresponding to USD 17.1 million, of which USD 11.8 million is currently financed by external lenders in USD. The remaining USD 5.3 million was financed from BTS' own cash and bank balance.
- The supplementary purchase price for a maximum USD 4 million is pursuant to APG and RLC achieving set financial targets in 2006 and 2007. As per December 31, 2006, sales representatives had realized the target for 2006 that gives entitlement to a supplementary purchase price of USD 1 million, which will be settled during Q1, 2007.

Information about the purchase price and goodwill at the time of acquisition converted to closing day rate, December 31, 2006:

SEK thousands	
- paid in cash	116,427
- direct expenses linked to the purchase	5,945
- actual value of issued shares	14,587
- anticipated supplementary purchase price	27,490
Total purchase price	164,449
Actual value of net assets acquired	-46,983
Goodwill	117,466

Goodwill consists of expected future synergy effects generated by a broader range of products and services. In addition to synergy effects, employees and future profitability are also components in the goodwill item.

The final acquisition analysis is adjusted due to the final valuation of assets and liabilities, as well as the drop in the USD exchange rate from September–December 2006. Reported goodwill is therefore reduced by MSEK 15.7 compared with the reported value in the interim report as per September 30, 2006.

Information about acquired assets and liabilities per September 25, 2006, converted to closing day rate per December 31, 2006.

SEK thousands	Actual value	Acquired reported value
Tangible fixed assets	133	133
<i>Intangible fixed assets;</i>		
Franchise-holder contracts	8,497	-
Customer contracts	2,328	-
Products, technology and software	18,714	-
Brands	7,226	-
Accounts receivable and other receivables	31,405	31,405
Accounts payable and other liabilities	-21,320	-21,320
Net assets	46,983	10,218

The acquisitions' impact on Group's liquid assets

SEK thousands	2006	2005
Purchase price including acquisition expenses	-122,372	-3,154
Supplementary purchase price, BTS Spain	-1,109	-2,715
Liquid assets in companies acquired	-	332
Impact on Group's liquid assets	-123,481	-5,537

Supplementary purchase price, BTS Spain

Internet Simulations Consulting, S.L., renamed Business Training Solutions S.L., was acquired on July 1, 2003. The initial purchase price was paid with liquid assets, in part on acquisition and in part through a performance-based supplementary purchase price in 2003. Additional supplementary purchase prices were paid in 2004, 2005 and 2006; please refer to the above table. The 2005 supplementary purchase price includes both the supplementary purchase price for 2005 and the anticipated supplementary purchase price for 2006. The 2006 supplementary purchase price includes the anticipated final supplementary purchase price for 2006. The anticipated supplementary purchase prices have been set based on the assessment that the terms for settlement will be fulfilled. See also the above table.

NOTE 18 - Deferred tax receivables and tax liabilities

SEK thousands	2006-12-31	2005-12-31
The Group		
<i>Deferred tax assets</i>		
Deferred tax assets that can be utilized within 12 months	818	-
Deferred prepaid tax that can be utilized after more than 12 months	467	477
Total deferred tax assets	1,285	477

No deferred tax liabilities have been reported for temporary differences attributable to shares and participations in subsidiaries as BTS can control the time for repayment of these temporary differences, and it is likely that such repayments will not take place within the foreseeable future.

NOTE 19 - Prepaid expenses and accrued income

SEK thousands	12-31-2006	12-31-2005
The Group		
Accrued income	13,354	7,501
Prepaid rent	753	663
Other items	6,125	3,986
Total	20,233	12,150

SEK thousands	12-31-2006	12-31-2005
Parent company		
Other items	114	116

NOTE 20 - Shareholders' equity

BTS' Annual General Meeting held on April 7, 2006 approved a share split in which three new shares are issued for each old share (3:1 split). The number of shares before the split totaled 5,897,300 with the total amounting to 17,691,900 after the split. Monday, May 8, 2006, was the first trading day for BTS shares after the split. A directed new share issue for 356,400 Class B shares to the sellers of the acquired companies, APG and RLC, was carried out during 4Q 2006. The issue was carried out in line with the mandate issued at the last AGM. The shares are covered by a 26–30 month lock-up clause. After the new issue, the number of shares totals 18,048,300. The share capital consists of 853,800 Class A shares and 17,194,500 Class B shares, totaling 18,048,300 shares at a quotient value of SEK 6,016,100. Each share has a quotient value of SEK 0.33. Each Class A share gives ten (10) votes per share, and each Class B share gives one (1) vote per share.

Exchange rate differences - The Group

Closing accumulated exchange rate differences booked directly against equity amount to SEK -21,522. Opening accumulated differences amount to -6,384. The changes are the result of translation of foreign subsidiaries.

The Group

In connection with the conversion to IFRS, the form of presentation of shareholders' equity in the balance sheets was altered. According to previous accounting principles, shareholders' equity was divided into restricted and non-restricted equity in line with the regulations in the Swedish Annual Accounts Act. In accordance with IAS 1, shareholders' equity is to instead be divided into the sub-components of which it is comprised. The Group has chosen to specify shareholders' equity in accordance with the list below:

- Share capital
- Other contributed capital
- Reserves
- Profits carried forward
- Minority interests

The "share capital" item comprises the registered share capital of the parent company.

"Other contributed capital" comprises capital generated through transactions with the shareholder base. The transactions carried out with the shareholder base consists of issues to the premium reserve up to and including December 31, 2005.

Reserves comprises the translation differences attributable to the translation of overseas subsidiaries and other restricted reserves in the parent company, such as the reserve fund.

The "Profits carried forward" item corresponds to the accumulated profits generated in the Group and that part of the premium reserve fund transferred in line with the decision by the AGM in 2005 as well as the paid-in surplus attributable to the year's acquisition of APG and RLC.

The "Minority interests" item comprises the minority interest in the total shareholders' equity of BTS Australasia PTY Limited.

Parent company

In 2005, the Swedish Annual Accounts Act (ÅRL) was changed as a consequence of the new Swedish Companies Act (ABL). Shareholders' equity in legal entities is to be presented as previously to show restricted and non-restricted shareholders' equity. However, premium reserve funds created before December 31, 2005 are to be converted into reserve funds, which the parent company is to book in the balance sheets at December 31, 2005.

NOTE 21 - Financial instruments and financial risk management

During the year, BTS's holdings of financial instruments have been limited to primary instruments such as accounts receivables, accounts payable and the like. Customer contracts contain no currency clauses or anything of the kind termed embedded derivatives. No hedging instruments are held, have been purchased or sold during the year. For more information in line with a)-e) below, refer to Note 2 under Accounting Principles.

a) Financial assets valued at actual value via the income statement.

BTS had no assets in this category in 2006

b) Loans and accounts receivable

BTS had no non-derivative financial assets with establishable payments that are not listed on an active market in 2006. Current receivables such as accounts receivable are considered to constitute a reasonable approximation of the actual value, which is why the current value of these is not calculated. Reservations for doubtful receivables are made after testing in each individual case.

c) Financial instruments held until maturity

BTS had no assets in this category in 2006

d) Financial assets that can be sold

BTS had no assets in this category in 2006

e) Financial liabilities

The financial liabilities held during the year are valued at the accrued acquisition value through application of the effective interest method. Current liabilities such as accounts payable are considered to constitute a reasonable approximation of the actual value, which is why the current value of these is not calculated.

Actual value of financial assets and liabilities

SEK thousands	12-31-2006	12-31-2006
The Group	Reported value	Actual value
Other long-term receivables	1,968	1,968
Accounts receivable	88,370	88,370
Reservations for doubtful accounts receivable	-323	-323
Other current receivables	14,015	14,015
Total financial assets	104,030	104,030
Other long-term liabilities	388	388
Accounts payable	13,446	13,446
Other current liabilities	87,473	87,473
Total financial liabilities	101,306	101,306

Currency risks

The Group is exposed to currency risks linked to the translation of overseas subsidiaries, which influences the consolidated results and shareholders' equity. The currencies that have the greatest influence are USD, EUR and GBP. The sensitivity analysis below shows the effect on the operating result based on BTS' 2006 income statement and should only be seen as an indication of the significance of the different currencies.

Factors	Change in percentage	Change, full-year 2006, SEK thousands
SEK/USD	+/-10%	-/+ 4,488
SEK/EUR	+/-10%	-/+ 419
SEK/GBP	+/-10%	-/+ 672

Counterparty risks

BTS only accepts creditworthy counterparties in financial transactions. BTS's accounts receivable are spread among a large number of companies operating in a variety of sectors.

The maximum credit risk amounts to SEK 5,517 thousands (3,079) at the end of the year, which corresponds to the largest credit exposure to any one group.

Liquidity and interest risks

The liquidity risk is small as liquid assets only amount for 18 percent (43) of the balance sheet total. BTS' policy is to allow borrowing with the approval of the Board. Excess liquidity in subsidiaries is initially to be used to amortize loans. Interest risks are limited to the fluctuating yield on the liquid assets invested at variable rates.

NOTE 22 - Bank overdraft facilities

SEK thousands	12-31-2006	12-31-2005
The Group		
Approved credit	109,995	15,964
Unutilized share	-29,104	-15,964
Utilized credit amount	80,891	-

SEK thousands	12-31-2006	12-31-2005
Parent company		
Approved credit	94,841	-
Unutilized share	-13,949	-
Utilized credit amount	80,891	-

NOTE 23 - Accrued expenses and prepaid income

SEK thousands	12-31-2006	12-31-2005
The Group		
Accrued salaries	37,317	34,659
Accrued social security expenses	2,386	2,421
Other items	19,391	16,061
	59,094	53,141

SEK thousands	12-31-2006	12-31-2005
Parent company		
Other items	331	631

NOTE 24 - Pledged assets

SEK thousands	12-31-2006	12-31-2005
The Group		
Pledged assets for liabilities to credit institutions		
Company mortgages	10,000	10,000

NOTE 25 - Contingent liabilities for the benefit of Group companies

SEK thousands	12-31-2006	12-31-2005
Parent company		
Guarantee commitment for the benefit of subsidiaries	3,866	4,473

Stockholm, Sweden, April 12, 2007

Dag Sehlin
Chairman of the Board

Henrik Ekelund
Chief Executive Officer

Mariana Burenstam Linder

Tomas Franzén

Stefan Gardefjord

My audit report has been submitted on April 16, 2007

Lars Berglund
Authorized public accountant

Auditor's report

To the Annual General Meeting of BTS Group AB, Corporate Identity Number 556566-7119

We have examined the Annual Report, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the CEO of BTS Group AB for the fiscal year 2006. The Board of Directors and the CEO are responsible for the accounts and the administration, and for ensuring that the Swedish Annual Accounts Act is applied when preparing the annual accounts. They are also responsible for making sure that the International Financial Reporting Standards (IFRS) as approved by the EU and the Swedish Annual Accounts Act are applied in the preparation of the consolidated financial statements. Our responsibility is to express an opinion on the annual report, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. This involved planning and performing our audit to obtain reasonable, but not absolute, assurance that the annual report and the consolidated financial statements are free of material misstatement. An audit includes examining a selection of the documentation with respect to amounts and other information in the accounting records. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO, as well as evaluating the important assessments made by the Board of Directors and CEO when preparing the annual report and consolidated financial statements, and appraising the overall presentation of information in the annual report and the consolidated financial statements. As a basis for our pronouncement on discharge from liability, we examined significant decisions, actions taken and circumstances at the company in order to determine the possible liability to the company of any Board member or the Chief Executive Officer. We also examined whether any Board member or the CEO has otherwise acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association. We are of the opinion that our audit gives us reasonable grounds for our opinion, presented below.

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides a true picture of the company's income and position in line with generally accepted accounting practice in Sweden. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and with the Swedish Annual Accounts Act, and provide a true picture of the Group's income and position. The Directors' Report is consistent with other sections of the annual report and the consolidated financial statements.

We recommend that the Annual General Meeting adopts the income statement and balance sheets of the parent company and the Group, appropriate the parent company's surplus as proposed in the Directors' Report and grant the Members of the Board and CEO discharge from liability for the fiscal year.

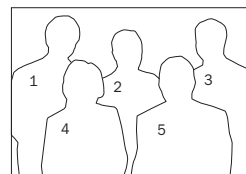
Öhrlings PricewaterhouseCoopers AB

Stockholm, Sweden, March 16, 2007

Lars Berglund

Authorized public accountant

Board of directors and auditors



1. Henrik Ekelund
2. Stefan Gardefjord
3. Tomas Franzén
4. Mariana Burenstam Linder
5. Dag Sehlin

Henrik Ekelund

Geneva, born 1955

Chief Executive Officer and President of BTS Group AB.

Shares and options in BTS Group AB: 816,000 Class A shares and 3,151,616 Class B shares.

Henrik Ekelund is the founder of BTS and has been President of the company since the start in 1986.

He has extensive experience as a previous Board member and owner of growth companies including Jobline AB, Image Publications AB, Strandfastigheter AB (now called Klöver AB) and Universum AB. Henrik Ekelund has an MSc from the Stockholm School of Economics.

Stefan Gardefjord

Täby, born 1958

Member of the Board of BTS Group AB since 2003. President WM-data Sverige AB.

Other assignments: Board member, WM-data Sverige AB.

Shares and options in BTS Group AB: 3000 Class B shares.

Since 1987, Stefan Gardefjord has held a number of senior executive positions within the WM-data Group, including president of various subsidiaries, business area manager and group executive for marketing, sales and information.

In 2001, he was CEO and President of M2S Sverige AB. Previous positions include Head of Consultancy for Consab Consult AB, before which he worked in the finance and IT departments of Dow Chemical AB.

Tomas Franzén

Nacka, born 1962

Member of the Board of BTS Group AB since 2000. President and CEO of Eniro AB.

Other assignments: Member of the Board, Eniro AB, OEM International AB and Securitas Systems AB.

Shares and options in BTS Group AB: 15,000 Class B shares.

Tomas Franzén has years of experience from key positions at several companies. His previous positions include CEO and President of Song Networks Holding AB, CEO of AU-System, and VP Sales for Nokia Data/ICL Data AB. Tomas Franzén has an MSc (Industrial Economics) from Linköping Technical College.

Mariana Burenstam Linder

Danderyd, born 1957

Member of the Board of BTS Group AB since 2004. Managing Partner of Burenstam & Partners AB.

Other assignments: Chairman of the Board, Kontanten AB and the Sweden-America Foundation. Member of the Board, TietoEnator Oy and SäKi AB.

Shares and options in BTS Group AB: 12,100 Class B shares.

Mariana Burenstam Linder has broad experience from senior positions with a number of Swedish companies. Her previous positions include CEO of Ainax, President of Enskilda Banken and Global Executive for Private Banking, Vice President of SEB, IT Manager for Trygg-Hansa and, subsequently, the SEB Group, CEO of ABB Financial Consulting and CEO of Nordic Management AB. Mariana Burenstam Linder has an MSc from the Stockholm School of Economics.

Dag Sehlin

Bromma, born 1945. Chairman of the Board of BTS Group AB since 2003.

Other assignments: Member of the Board, D. Carnegie & Co. AB, Carnegie Investment Bank AB, Carnegie ASA, Tredje AP-fonden and Pro-Act IT Group AB, and of AB Piccola (which he owns) and its wholly-owned subsidiary Förvaltning Madape AB.

Shares and options in BTS Group AB: 6,000 Class B shares and 3,000 Class B shares via company.

Dag Sehlin has extensive experience from leading positions in the Swedish financial sector. He has worked as a consultant since 1997. Previous positions include CFO and Deputy CEO of Posten AB, and Vice CEO of OM-Gruppen. Prior to this, he held a range of positions in the fields of economics and finance at a number of Swedish companies. Dag Sehlin has an MSc from the Stockholm School of Economics.

AUDITOR

Lars Berglund

Stockholm, born 1950

Authorized public accountant.

Öhrlings Pricewaterhouse- Coopers AB.

Auditor of BTS Group AB since 1999, and of the previous parent company and its Swedish subsidiaries since 1985.

The above information about shares and options refers to conditions on December 31, 2006.

Senior executives



Henrik Ekelund

Chief Executive Officer and President of BTS Group AB.

Refer to data in the section Board of Directors.



Stefan Brown

Nacka, born 1963. CFO and vice President of BTS Group AB.

Employee of BTS since 1990.

Shares and options in BTS Group AB: 16,500 Class B shares and employee stock options for 22,500 Class B shares.



Stefan Hellberg

Stockholm, born 1957. Head of sales and HR processes, as well as IT.

Employee of BTS since 1986.

Shares and options in BTS Group AB: 1,483,454 Class B shares.



Stefan af Petersen

Lidingö, born 1955. Acquisitions and key account contacts.

Employee of BTS since 1986.

Shares and options in BTS Group AB: 37,800 Class A shares and 2,360,753 Class B shares.



Jonas Åkerman

Connecticut, born 1963. President of BTS North America.

Employee of BTS since 1991.

Shares and options in BTS Group AB: 913,800 Class B shares and employee stock options for 75,000 Class B shares.

The above information about shares and options refers to conditions on December 31, 2006.

Global partners in BTS



Rommin Adl

Philadelphia, born 1964
President and CEO,
SMG.
Employee of BTS since 1994.



Peter Mulford

New York, born 1968
Executive Vice President, Head of
BTS New York and Stamford offices.
Employee of BTS since 1997.



Dan Parisi

San Francisco, born 1968
Executive Vice President, Head of
BTS San Francisco office.
Employee of BTS since 1995.

CEO's of The Real Learning Company and Advantage Performance Group



Richard Hodge

Scottsdale, born 1947
President, and CEO,
The Real Learning Company.
Employee of RLC since 1994.



John Hoskins

Scottsdale, born 1950
President and CEO,
Advantage Performance Group.
Employee of APG since 1990.

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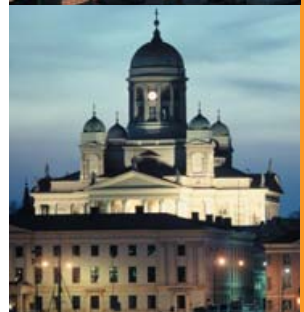
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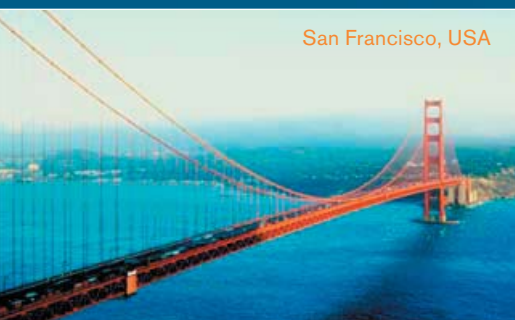
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