



Catalysts for Profitability and Growth

Annual Report 2010



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Making execution happen

BTS believes a business strategy, no matter how well researched and articulated, is only as good as its execution. BTS accelerates execution by working with leaders and managers to help them make better business decisions, faster.

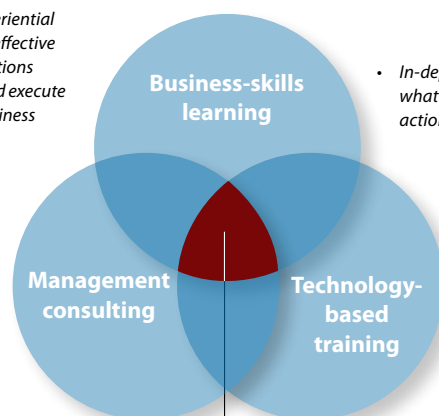
BTS builds alignment around business direction and key business performance objectives. Strategy without alignment at all levels is a recipe for slow execution.

BTS builds the capabilities needed to accelerate execution. An attempt to execute rapidly without having the right individual and organizational capabilities in place is wishful thinking.

BTS experiential learning platforms create opportunities for deep practice. As professional sports teams know, practice creates team alignment and builds capability and confidence. A great plan AND great practice increase the odds of winning.

"We build commitment and capability to accelerate strategy execution and improve business results."

- Simulations and experiential solutions – the most effective way to help organizations understand, align and execute on strategies and business initiatives



- In-depth customization to what is relevant and actionable on the job

- A results-focused approach that comprehensively and efficiently secures and measures the business impact

BTS' solutions meet the needs in a business niche in the market by combining expertise from different areas such as management consulting, business-skills learning and technology-based training.

Vision

"The global leader in accelerating strategic alignment and execution – innovating how companies learn, change and improve."

The BTS Group is an international cons

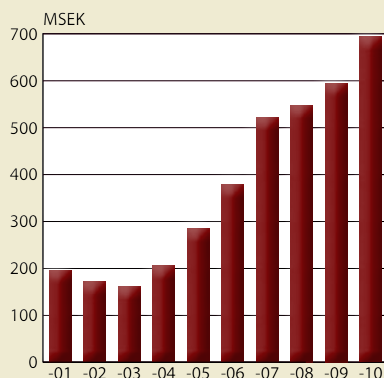
BTS is the global leader in accelerating strategic alignment and execution, innovating how organizations learn, change and improve. BTS adds value to its clients through three practice areas: Strategic Alignment & Business Acumen, Leadership and Sales. The unique BTS process offers fast strategic alignment and rapid capability building through:

- Business simulations and experiential solutions.
- In-depth customization to what is relevant and actionable on the job.
- A results focused approach that comprehensively and efficiently secures and measures business impact.

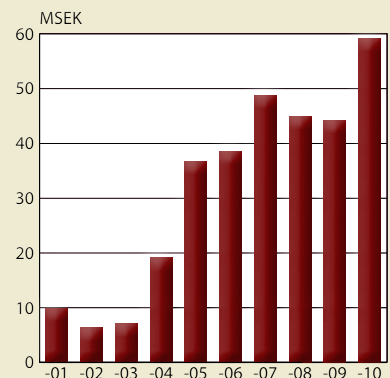
Examples of BTS customers

Accenture	Coca-Cola	Humana	Sanofi-Aventis	Telstra
AT&T	Deloitte	Microsoft	Schlumberger	Texas Instruments
Autodesk	Ericsson	National Australia Bank	Sony	Unilever
BBVA	GAP	Repsol	SingTel	Vattenfall
BG	GlaxoSmithKline	Rio Tinto	Standard Bank	Vodafone
Chevron	HP	Roche	Telefónica	Xerox

NETTURNOVER



PROFIT AFTER TAX

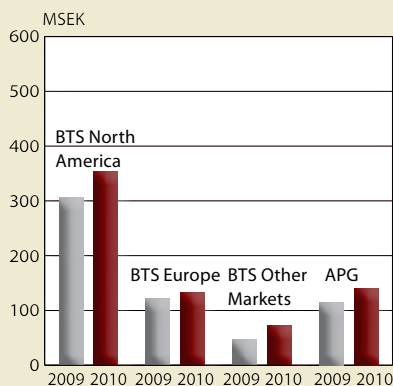


ulting and learning company

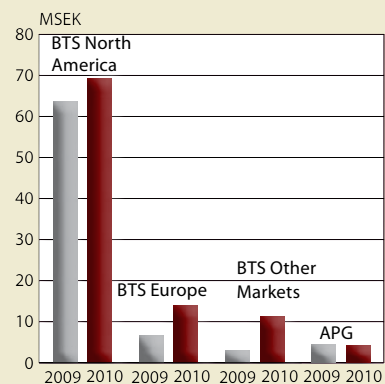
BTS has over 300 professionals serving more than 400 clients, including 40 of the US Fortune 100 companies and 25 of the Global Fortune 100 largest corporations in the world. BTS serves its clients globally from offices in all parts of the world.



NET TURNOVER PER OPERATIVE UNIT



OPERATING PROFIT (EBITA) PER OPERATIVE UNIT

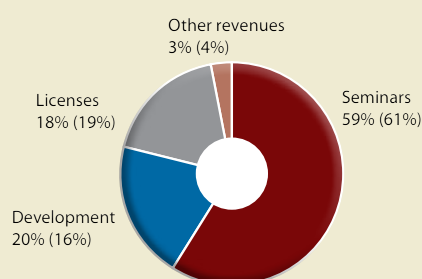


2010 in brief

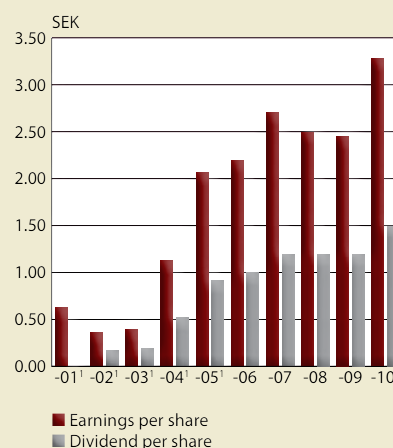
- Net turnover amounted to MSEK 694.6 (595.1).
- Adjusted for changes in foreign exchange rates, growth was 21 percent.
- Profit before interest, tax and amortization (EBITA) increased by 27 percent to MSEK 99.0 (78.1).
- Profit before tax increased by 32 percent to MSEK 90.4 (68.3).
- Profit after tax increased by 34 percent to MSEK 59.2 (44.3).
- Earnings per share increased by 34 percent to SEK 3.28 (2.45).

KEY RATIOS	2010	2009
Net turnover, MSEK	694.6	595.1
EBITA, MSEK	99.0	78.1
Operating profit, MSEK	92.0	69.8
Profit before tax, MSEK	90.4	68.3
Profit after tax, MSEK	59.2	44.3
EBITA margin, %	14	13
Operating margin, %	13	12
Profit margin, %	9	7
Operational capital, MSEK	219.7	236.7
Return on equity, %	22	17
Return on operational capital, %	40	28
Solidity at the end of the year, %	58	59
Cash flow from current operations, MSEK	65.1	61.3
Cash flow, MSEK	16.2	10.8
Liquid funds at the end of the year, MSEK	88.4	75.4
Average number of employees	276	260
Number of employees at the end of the year	299	252
Net turnover per employee, MSEK	2.5	2.3

NET TURNOVER
BY SOURCE OF REVENUE



EARNINGS AND
DIVIDENDS PER SHARE



¹ The 2001–2005 earnings per share and dividend per share has been adjusted due to the split 3:1 in May 2006.

² Proposed dividend.

WORDS FROM THE CEO

2010 – another record year of success with our customers

During 2010, our revenues grew 21 percent to a new record level of 694 MSEK. Our result before tax grew 32 percent to 90 MSEK; also a record level.

We see this record performance as a result of the success our customers achieve through our joint work. And our customers reward us with more business.

Our 2010 performance is consistent with our historic track record. Our 21 percent revenue growth during 2010 is close to the 19 percent average organic growth we achieved during the five years of 2004–2008. In fact, since we started BTS, our organic growth has never been lower than 15 percent any year – (with the exception of the recession years, when our revenues normally have remained flat).

We are also continuing our long-term trend of growing our profits faster than our revenues. Our profits are eight times larger than ten years (2000) ago while our revenues are four times larger.

► Why are we continuing to win market share?

Consultants are a dime a dozen these days. Many are struggling. We hear a message loud and clear from the market place: “Provide us with real business results or we are not interested.”

BTS has grown faster than competitors for many, many years – because we provide real results.

There is no secret that many consulting services and many learning and development programs do not deliver results. Our industry is full of dinosaurs. But these dinosaurs are dying at an increasing rate – and BTS’ innovative and results-focused approach is eating their lunch.

The unique BTS process offers fast strategic alignment and rapid capability building.

Our key differentiators and competitive advantages:

- Simulations and experiential solutions – the most effective way to help organizations understand, align and execute on strategies and business initiatives.
- In-depth customization to what is relevant and actionable on the job.
- A results-focused approach that comprehensively and efficiently secures and measures business impact.

► Execution differentiates the winners and the losers

It is more difficult to execute a strategy than to create it. The efficiency and speed of execution is the primary driver of success.

BTS applies an effective formula with our customers to drive excellent execution; $E = AMC$. We believe that Excellent Execution primarily is a function of an organization’s Alignment, Mindset and Capabilities.

Of course, execution is also driven by resources allocated as well as the development of structures, systems and processes. However – all of this is led by people! People are – and remain – the critical

factor in execution; and more precisely – the people’s alignment, mindset and capabilities.

Research shows that 70 percent of fired CEOs are terminated not because they lacked vision, but because they failed to engage their organization in carrying out their strategies.

We have the privilege of working with many great business organizations that demonstrate excellence in strategic alignment and are adept at rapid execution: AT&T, Coca-Cola, Walmart, Standard Bank, to name a few. Serving world-class and demanding companies is where BTS truly excels.

► Our vision

Our vision is to become “the global leader in accelerating strategic alignment and execution – innovating how organizations learn, change and improve.”

The vision embodies an exciting challenge for all of us. Based on our position today in terms of our client base, solution portfolio, and people, we are convinced that we will achieve this vision.

► Strategic progress during 2010

BTS has made significant strategic investment and progress during 2010:

- New customers – BTS is proud to welcome over 75 new customers. Some examples of major new customers are Anglo American, Chevron, Rio Tinto and Walmart.
- Product development – a significant number of new solutions with strong potential have been developed; some of them in the growing area of “connected learning.”
- New markets – BTS has hired, invested and grown significantly in Asia, Latin America and Continental Europe.
- Stronger workforce – we have grown the workforce efficiency through recruitment and investment in learning and development.

All in all, BTS is starting 2011 as a stronger organization than one year ago.

► We expect rapid organic growth

We expect to continue our organic growth during 2011 and onwards. And our goal remains to over time achieve 20 percent organic growth per year.

There are several drivers behind our long term sustainable, profitable growth:

- We are operating in a growing market.
- Our offering has strong competitive advantages.
- We are investing funds and resources in new markets, new solutions, and sales and marketing activities.
- We have the best organization and the best people in our industry.



Our industry is full of dinosaurs. But these dinosaurs are dying at an increasing rate – and BTS' innovative and results-focused approach is eating their lunch."



BTS has the customer base, solution portfolio and organization to sustain growth. Our market penetration is still low; with less than 1 percent world-wide market share.

During our fourth growth phase we are focusing on the three areas:

1. Strengthening our core; continue to invest and improve in order to remain the best in the world at what we do.
2. "Higher and wider: create longer and deeper engagements with our customers – enhancing their success while providing growth opportunities for us."
3. Go global – really! Today, we have the base in almost all key markets; we will grow and integrate this further to be the true global partner to our customers.

► Connected learning services grow quickly

The broad-branded Internet provides huge opportunities to prime, grow and sustain the result of our work with customers. We have invested significantly in BTS Interactive – our specialized organization for connected learning services. BTS Interactive grew revenues 58 percent during 2010, and we expect continued rapid growth during 2011; providing our customers with very efficient and cost-effective opportunities.

► Growth markets expand rapidly

The revenues from growth markets – Asia, Latin America, Australia and South Africa – grew 43 percent during the year, achieving 11 percent of our total revenues.

Our presence in these markets represents two key opportunities; to participate in the rapid local growth, and to be more attractive for our global customers.

► Positive development for APG

The APG team has worked hard to grow the business, with a program based on sales efficiency, training and recruitment. This program is delivering results: during 2010 revenue grew at 29 percent and profit improved. We see good growth prospects for APG during the coming years.

► Our solid financial position

BTS has a positive net cash position, and a strong solidity of 58 percent. Our loans are of a long-term character and amortized accordingly to a six-year plan through our strong cash flow.

► Outlook

BTS has during 20 years demonstrated a capability to grow organically, always maintaining good profit levels. Today, we are a world leader in our field, with substantial opportunities to continue our growth. The result before taxes for 2011 is expected to be better than last year.

Stockholm, April 2011

Henrik Ekelund
President and CEO of BTS Group AB (publ)

VISION, MISSION, VALUE PROPOSITION, GOALS AND STRATEGIES

The global leader in accelerating strategic alignment and execution

BTS is the world leader in customized business simulations and other discovery learning solutions that enable leading organizations to learn, change and improve. The unique BTS process offers fast strategic alignment and rapid capability building to accelerate execution and to improve business results.

Vision

"The global leader in accelerating strategic alignment and execution – innovating how organizations learn, change and improve."

Mission

"We build commitment and capability to accelerate strategy execution and improve business results."

Financial Goals

BTS' financial goals shall over time be:

- An organic growth, adjusted for changes in exchange rates, of 20 percent.
- An EBITA margin of 15 percent.
- An equity ratio that does not fall below 50 percent over extended periods.

Value Proposition

"We deliver better results, faster. The unique BTS process offers fast strategic alignment and rapid capability building. Our key differentiators:

- Simulations and experiential solutions – the most effective way to help organizations understand, align and execute on strategies and business initiatives.
- In-depth customization to what is relevant and actionable on the job.
- A results-focused approach that comprehensively and efficiently secures and measures business impact."

The BTS Group's eleven Strategic Principles:

► Focus

We focus on our world-class capability to customize and deliver discovery-based solutions that give our clients superior business results and ROI. Every new solution/service we develop shall build on the core competencies of BTS.

► Internationalization

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

► Organic growth complemented by acquisitions

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

BTS enters new geographical markets and new sectors through a customer-driven approach – revenues and customers first, cost second.

► Top clients and long-term partnerships

BTS' clients shall predominantly 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 and highly visible results and strong customer relations.

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

► Differentiation – higher value & premium position

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

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

► 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 while striving to increase license revenues' share of total sales.

► 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:

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

► 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 gain access to customers and combine capabilities.

► One company – one best practice

BTS has detailed processes and best practice exchanges 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.

► 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 effective and client-needs-driven innovation.

► The people and the company spirit

BTS' professionals are all very visible to the client and the spirit is a main driver of client and employee satisfaction. BTS emphasizes 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 – are key drivers of our growth.

CUSTOMERS

Long-term relationships based on real value and results

► Valuable client base

The largest companies in the world

At present, more than 400 companies trust BTS for their strategic processes to change, grow and succeed in an increasingly challenging global business environment. We build commitment and capability to accelerate strategy execution and improve business results.

More than 25 of the world's 100 largest companies, measured by market capitalization, are customers of BTS.

► Important customer relationships

The pressure of constant change creates continuous demand for business training in almost all industries worldwide. BTS sees considerable growth potential in its existing client base.

► Global customers in several sectors

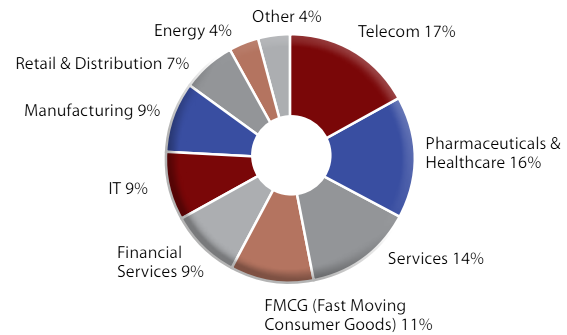
During the 1990s, BTS grew rapidly in the Manufacturing, Telecom and Information Technology Industries – with major global companies such as Philips, Ericsson, and HP as valued customers.

During the recession in the early 2000s, BTS expanded its positions by entering four additional industries: Financial Services, Pharmaceuticals & Healthcare, Retail & Logistics and Energy.

Over the past couple of years, BTS has also grown quickly in the Fast Moving Consumer Goods and Service sectors.

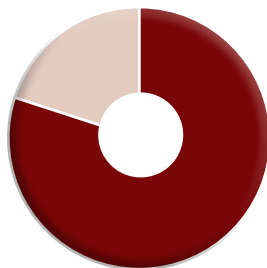
With these recent additions, BTS now has built strong market positions within nine industries.

REVENUE SOURCE PER SECTOR, % OF TOTAL



IT	Telecom	Financial Services	Pharmaceuticals & Healthcare	Retail & Distribution	Manufacturing	Energy	FMCG	Services
HP	Ericsson	BBVA	GSK	Federated	Honeywell	BG	Coca-Cola	Deloitte
Network Applications	Telstra	Standard Bank	Roche	Paperlinx	Xerox	Vattenfall	Kraft	Sodexo
Microsoft	Telefonica	Bank of America	Sanofi-Aventis	Schneider	Toyota	Iberdrola	Unilever	Accenture

New customers 20%



Old customers 80%

About 80 percent of annual revenues normally come from customers BTS worked with during the previous year. Typical customer relationships range from 6 to 8 years – often longer.

"The world's leading companies work closely with BTS – more than 25 of the world's 100 largest companies use BTS extensively. Customer relationships are strategic and typically last for 6 to 8 years or more."



CHEVRON

“Accelerated Chevron’s high potential leaders’ ability to execute a broader area of responsibility and practiced value creation throughout the entire Chevron value chain.”

Chevron’s Advance Management Program

“I want to personally thank you for your contributions to the overall success of Chevron’s Advanced Management Program, CHAMP. This program is very important to me as our flagship program for developing our highest potential General Managers within Chevron.

Our company is committed to people, partnership and performance. The partnership which developed over the last several months between our companies has been very strong.

Your team did an excellent job in building the simulation. You listened attentively to my and the Human Resources Committee’s input and ensured that the simulation was designed to closely replicate the Chevron business environment. You partnered well with our executives, SMEs, Coaches, Energy Ministers and Core Team to make sure that all the pieces of this complex puzzle came together.

I received great feedback about the

simulation from the CHAMP 2010 participants as well as other members of the Human Resources Committee. The participants indicated that this experience closely represented Chevron’s business and provided them with a better understanding of challenges faced by executives. It was a rich and efficient learning platform to significantly enhance their business and financial acumen as well as their personal leadership.

I was skeptical at first about the value of the simulation, but I am now a strong believer in how much a simulation can provide a rich and efficient learning platform for our high potential leaders.

Thank you for your contribution to the success of this year’s CHAMP program.”

Sincerely

John Watson
Chevron, Chairman and CEO

Better and faster results through excellent strategy execution

Conventional wisdom holds that poor strategies rarely yield positive results. However, good strategies can fail as well. The most common reason for this failure is that firms don't recognize, or develop, the three core drivers of **exceptional execution**.

► A highly effective strategic execution framework

During more than 25 years of working with many of the world's leading companies, BTS has developed a framework that captures the inner architecture of exceptional strategic execution.

Strategy execution is defined as the practice of bringing a strategy to fruition. There are three critical forces that power exceptional execution: Alignment, Mindset, and Capability. You achieve better and faster results when people **understand** the strategy and its implications at an individual level (alignment), they are **excited** and passionate about the strategy (mindset), and they have the **skills and confidence** (capability) to execute the strategy.

Companies invest considerable resources and leadership time towards building alignment, mindset and capability during a strategy shift. However, town hall meetings, PowerPoint presentations and off-site events often fail to make the expected impact, as individual relevance is lost in the crowd. Traditional methods rely heavily on one-way communication and create missed opportunities for engaging at the individual level.

► Customized business simulations win hearts and minds

Using customized business simulations and experiential learning tools, BTS helps organizations win the hearts and minds of their employees by engaging people more deeply in the strategy and, having achieved this state, supports the skill development and behavioral change necessary for execution. We leverage methods that lead to high retention and on the job action and include small and large group discussions, practice-by-doing and leader engagement.

► The three forces driving strategy execution

Consider what execution would look like without one of these three forces:

- To execute without first coordinating Alignment is to undertake an initiative without communicating roles and responsibilities to the individuals responsible for making the initiative succeed.
- To execute without developing the right Mindset means there is limited emotional commitment, the primary source of discretionary effort and employee engagement.
- To execute without developing business and leadership Capability is to ask people to do something new without providing the tools needed to be successful.

Harness all the critical components of exceptional execution to generate better and faster results.

► Strategy alignment: increase ROE by 12.5 percent

A recent study by the Boston Consulting Group showed that focusing on strategy alignment could result in an increase in Return on Equity of as much as 12.5 percent.

After 25 years of exploring the inner design of strategic alignment, we know that firms can confidently say they have coordinated alignment when leaders can answer "yes" to the following three questions:

- 1) Can you describe your strategy, and what makes it distinctive, in 30 words or less? If yes...
- 2) Do your colleagues in the leadership ranks, and their direct reports down to the front line, describe the strategy in the same way? If yes...
- 3) Can everyone in the firm identify **where** and **how** they contribute to successful execution?

VMware

"How do we accelerate the leaders understanding and buy-in to the new CEO's vision?"



New Vision: Alignment and Execution

VMware, one of the fastest growing software companies and the number one global virtualization company, hired a new CEO to embark on a new phase of growth that would build upon its success to lead the industry through the anticipated IT transformation. Upon the CEO's articulation of the new vision, VMware partnered with BTS to rapidly align the management team to the company's vision, drive home the game-changing industry forces at work, and make clear the immediate priorities.

The executive team wanted to build management confidence and expertise to deliver on the new strategy. BTS co-created with the top 12 executives a custom business simulation that provided a high-impact, experience-building alignment and execution capability for the top 500 leaders. The BTS simulation experience realistically modeled the shifts in the IT industry, integrated VMware's strategic initiatives, and anticipated future business

BTS solutions ensure that leaders at all levels in an organization can answer yes to all three questions. A raft of benefits awaits.

► Mindset: drive execution

Mindset is the turbo-boost in the execution engine. Employees will only adopt a new strategy with a sense of purpose and urgency if they believe that it is the right strategy. Traditional approaches to communicating strategy (such as road shows or PowerPoint decks) have proven notoriously ineffective for winning the hearts and minds of employees. The process of discovery inherent in all BTS solutions has been used successfully by many of the Fortune 100 companies to nimbly adopt the optimal mindset for effective strategy execution.

► Capability: Accelerate Mastery Through Experiential Learning

New strategies often call for the quick development of a new set of skills and behaviors. Traditional classroom approaches to capability development typically fail to develop mastery of the right capabilities fast enough to be of any use when executing strategy. BTS employs simulations and experiential-based solutions, which have been proven to accelerate the mastery of the critical capabilities that organizations need to execute their strategies effectively.

BTS helps organizations become better at executing strategy by leveraging our custom strategy and business simulations to create a workforce that is aligned behind your strategy, has the right mindset to approach it with purpose and urgency and is able to quickly master the capabilities necessary to execute the strategy. E = AMC

The Business Acumen Practice: Focusing on High Leverage Behaviors

► Business Acumen Defined

Business acumen is an intuitive understanding of how to assess the internal and external environment, identify where economic value can be made, create and choose differentiated options to make it, and then align people and resources to execute. In short, it is the skills, insights, and intuition needed to make better decisions, faster.

Few leaders would argue with the idea that more business skills are better than less. But the often surprising truth is that even the most complex business problems can usually be solved by a **small number of high-leverage behaviors**, and therefore by the critical business skills that make those behaviors possible. This behavioral

version of the “80/20 rule” applies to job roles as these are really, after all, just behaviors at a higher level of analysis.

BTS solutions focus on identifying the high leverage behaviors firms need to succeed, and then engineer backwards to determine the right business acumen managers need to execute them – whether in Marketing, Sales, Operations, Supply Chain, Project Leadership, Finance, M&A, Innovation, or other business disciplines. To translate insight into habits that managers will develop on the job, we employ simulations and experiential-based solutions, as well as a selection of practice methodologies and performance support tools for use back on the job that have been proven to accelerate the mastery of the critical capabilities that organizations need to execute their strategies effectively.

“It is not enough to do your best. You must first know WHAT to do. Then do your best.”

W. Edward Deming



challenges. *“When I was told a simulation would be the key alignment vehicle for our top 500 leaders, I was skeptical; my past experience with business simulations had been with off-the-shelf, lightly customized versions. The BTS custom business simulation accurately modeled our business challenges and anticipated our future evolution. The experience allowed our top 500 leaders to not just see the new strategy, but to practice making our strategy and vision a reality. The two-day simulation got leaders from different organizations with disparate points of view to work together and understand the real trade-offs*

and friction points inherent in our strategy. The simulation experience provided the ‘big picture’ view we needed.”

Tod Nielsen, VMware Chief Operating Officer and Office of the President

Learning and development as a strategic differentiator

We are entering a new era in the art and science of developing leaders. We're leaving behind the first generation of organizational speed, obtained through efficiency that is achieved by implementing processes, systems, and reengineering. Lean Thinking, six sigma and ISO are the hallmarks of that era. While not to oversimplify, the leader's and manager's role in this phase was to build skill and gain compliance in these reduction and waste elimination efforts.

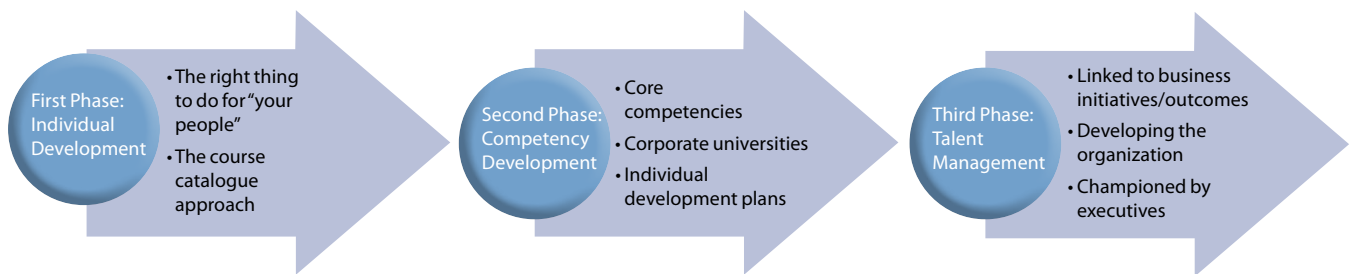
It's now time for the next speed in business. Researchers and thought leaders are calling this next phase "strategic speed". At the center of achieving in this next era is all about PEOPLE. Mobilizing groups of performers in executing on business initiatives, to work more nimbly, with greater speed, at higher levels of success, maintained over time. Consequently, leaders and managers in this era must be able to align whole groups with a strategic direction, while also winning their hearts – getting them to believe in the direction sought. And leaders must do this with agility (the ability to get people to change as nimbly as do business needs).

- The first era of leadership development was about developing individuals. Training was seen as the right thing to do, and

executives accepted intuitively that it impacted business, but they were not focused on how or to what degree. The hallmark of training and development in this era was large course catalogues from which to enroll. Learning was lecture based and relied upon the credibility of subject matter experts.

- In the second era, leadership and managerial training moved toward competency based development. Managers were taught to become leaders through mastering techniques that were driven from the competencies. The hallmark of this era was the emergence of the corporate university replete with large assessment centers for assessing managers against competencies.
- In the still emerging third phase, leadership and management training is focused on achievement of business results. Comprehensive talent management and the needs of the business are core versus the development of individuals. An Authentic leadership that also makes use of efficient tools and techniques continues to emerge as the key criteria for successful leaders in this era.

BTS is a leader in this new era of leadership and management development.



SONY

"How do we create a changeable culture?"



To Create a Culture of Change

Fiscal year 2008 proved to be one of the most difficult years in Sony's long history. Intense competition had threatened Sony's relevance and significantly driven down the price of electronics since the dawn of the Digital Age. But no one had expected the yen's sharp rise and its erosion of Sony's overseas business, which accounted for 80 percent of its annual revenue. Compounding the problem, the global economic downturn exposed vulnerabilities that had built up over time, despite Sony's past restructuring and cost-cutting efforts. Sony's president and CEO recognized that Sony would

have to undergo a massive strategic change, recapturing the spirit of innovation so deeply embedded in its DNA, in order to survive.

The goal was to "transform Sony into a more innovative, integrated, and agile global company" by enhancing its competitiveness, improving its profitability, and accelerating its innovation. BTS created a customized learning solution, Navigating Change, which was rolled out to over 600 leaders in two months. It took place in 10 locations, with 24 classroom sessions and four Webinar sessions.

► Front-line execution

We are achieving strategic speed through our people, and we need leaders capable of aligning, inspiring and engaging people to perform at strategic speed. The largest group of leaders who have the opportunity to most greatly impact the alignment, mindshare and capabilities of others are an organization's front-line and middle managers. Front-line and middle managers, along with their direct reports, touch every single employee and every single client.

Through our own work with clients and through a review of current research, however, we've found these audiences are going woefully underserved:

1. **Lack of business focus** – In a study by Bersin and Associates, only 26 percent of the organizations studied actually linked their management development to strategic results. The research found that the greatest majority of companies studied rely upon a patchwork of disparate training courses linked to personal development rather than the 26 percent who used an integrated learning approach tied to the business outcomes.
2. **Under Investing** – Additional research shows that companies spend far more on the development of executives and technical specialists (23 percent and 25 percent respectively of training budgets) than on this critical audience of front-line and middle managers (9 percent).

To support our clients in better addressing the needs of this audience, in 2009 the BTS Leadership and Management practice launched Front-Line Execution. Front-Line Execution is an approach for consolidating patch-work learning content to development that is focused on the few most critical essentials that align with achieving business results. And when clients are global, we turn that approach into a unified, consistent, global-reaching program, driving consistency in behavior, yet with capacity for local delivery.

Two major BTS clients (one a Fortune Five pharmaceutical, and the other one of the most rapidly growing, fast moving consumer goods companies) are facing leadership transformations, requiring wholesale changes to their organization-wide leadership performance. Due to pressures and changes in their industries, each client recognized that a patchwork approach to training and development was not going to drive needed results. When considering possible learning and development partners, these clients chose BTS for:

- Our experiential approach to learning: with solutions that create a real impact
- Our ability to create an Learning and Execution Journey
- Our ability to drive learning and development to business results – as well as measuring the impact – through our proprietary process The Advantage WaySM
- Our ability for global coverage – creating global consistency and local delivery

For these two clients alone, we delivered training in 50 countries for thousands of first-line and middle managers.

► Learning and Execution Journeys

Developing leaders who grow others to accomplish at increasingly higher levels of performance does not occur through single event training. BTS Learning and Execution Journeys address building



leadership and managerial capability through a holistic approach.

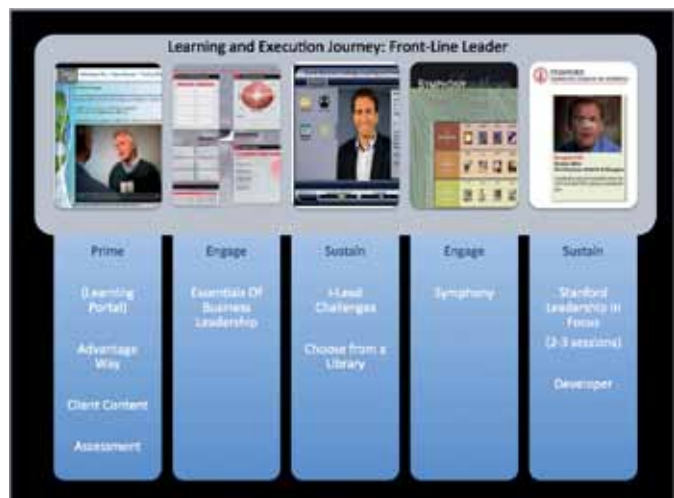
The Journey starts off with a "prime" phase. This prime stage is about establishing the business and personal relevance for participating in learning – creating a personal rationale for achievement and a line of sight with desired business outcomes. Leaders and managers then engage in learning and grow new capabilities (whether that is delivered through group workshops or delivered to groups of learners through virtual technology). This is followed by learning sustainment, which is about enriching, continuing and reinforcing the primary learning.

The illustration below is a sample journey. Note that there can be several cycles of "engage" and "sustain" activities over a period of time. We work with our clients to customize the learning journey with just the right blend of activities over the most desirable timeframe to maximize on the job behavior application and behavior change.

Learning and Execution Journeys are especially positioned to address the learning style and needs of generations X and Y (better known as the Millennials). They are the first generation in human history who regard behaviors like tweeting and texting, along with Web sites like Facebook, YouTube, Google and Wikipedia, not as astonishing innovations of the digital era, but as everyday parts of their social lives and their search for understanding. These generations take simulation and interactive learning as a given.

Our use of learning portals leverages, and emulates, on a professional level, their natural tendency toward networking and collaboration. Our approach to sustainment activities leverages today's reality. Sustain activities are designed to be short, fast, efficient learning refreshers and enhancers. Sustainment can last a few minutes (for example if blogging or networking with peers), 15–20 minutes when doing iLead Challenges, 30–60 minutes (when done in cohort groups). Sustainment exercises quickly provide the necessary learning booster on key leadership concepts.

The Millennials are more inclined toward trust in institutions than were either of their two predecessor generations: Gen Xers (who are now ages 30 to 45) and Baby Boomers (now ages 46 to 64) when they were coming of age. This is a major advantage in gaining their buy-in to working at strategic speed, if the learning approach is right! Discover what our many clients already know: that having a partner like BTS, who has the approach and experience in developing leaders of today, can help you succeed in your strategic execution.



Accelerated revenue growth

Today, most companies want to grow sales faster. BTS enables faster sales growth. We do this by driving sales transformations.

What are sales transformations? Sales transformations are a major shift in the way a company sells, from a product or solution approach to a focus on accelerating the customers' business results.

“Sales transformations are at their core a strategic alignment effort for the sales force.”

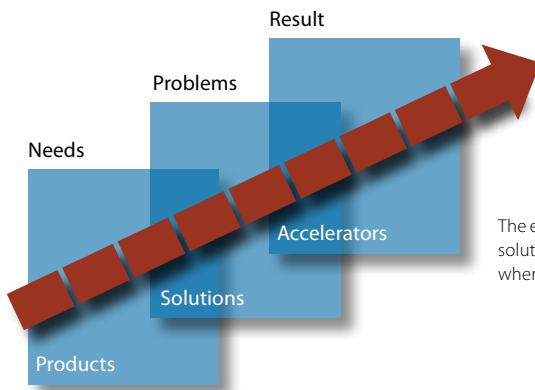
An elite group of companies worldwide has pioneered sales transformations and is separating themselves from their competition. Over the last few years, they have dramatically changed the way they sell to their B2B customers. Their salespeople

no longer just fill their customers' needs for specific products or offer solutions to solve problems. Today, salespeople at those leading companies focus on using all of their company's offerings to accelerate their customers' desired business results. That approach is drastically altering the competitive landscape. It results in more wins and better margins. Now, companies across the world want to catch up, and enable their sales forces to sell in the same way. That is where BTS comes in.

Most sales methodologies in use today are still focused on looking for customer problems and pain points, and trying to resolve them. This approach was relevant from the 1980s to the early 2000s, but the quality and service revolutions have reduced the number of perceived problems. Today customers are looking for ways to accelerate results.

Sales transformations are at their core a strategic alignment effort for the sales force. Therefore, they build upon the significant expertise of BTS in this area. Over the last several years, BTS has pioneered a point of view that has enabled companies to make this critical strategic shift.

We assist companies with sales transformation efforts by combining our proprietary research on how companies make major purchases today with our understanding of how leading-edge companies are changing the way they sell. We create the alignment,



The emphasis in sales moved over the last decade from a focus on products to solution selling. Today's world-class sales forces are evolving to the next stage, where they focus on accelerating the customer's overall business results.

STANDARD BANK

“How can we transform Private Bankers to multi-skilled generalists engaging in high value activities, helping clients to achieve their financial goals?”

Relationship Management Culture Transformation

In a highly competitive private banking environment, where products are becoming commoditised, Standard Bank SA realized that their key differentiators are their people and the substance Private Bankers bring to the relationship with high net worth clients. In support of a hands-on drive from the Private Banking leadership, BTS developed a relationship management curriculum that rolled out to the Private Banking Suite Heads, Private Bankers and Transactional Bankers. The curriculum was underpinned by a

comprehensive coaching approach whereby a uniform customer-centric culture, with its roots in superior relationship management was achieved, from the Director of Private Banking to the Transactional Bankers. The curriculum was not developed in isolation but aligned to key success factors in the business, where Private Banking was run as business from a relationship-management perspective.

“BTS played a phenomenal role by involving all stakeholders in order to ensure that they (BTS) had

"We create the alignment, mindset, and capabilities that our clients need to become business accelerators for their customers."

mindset, and capabilities that our clients need to become business accelerators for their customers. And we deliver the learning in the same experiential, discovery-based way we have become famous for with our business simulations.

The foundation of our work in the sales arena comes from research with over 200 executive-level buyers in a wide range of industries globally. The results of that research were published by McGraw-Hill in *The Mind of the Customer*, and the research is ongoing.

We are currently supporting many organizations through sales transformations and with other sales skill development needs. Among our current customers are Nokia Siemens Networks, Qiagen, BBVA Bancomer, Standard Bank, Berry, Microsoft, Procter & Gamble, Schindler Elevator, Humana, Sara Lee, Verizon, Owens-Corning, Xpedx, and VMware.



a thorough understanding of the business and the objectives before designing the relevant curriculum. Private Banking staff has responded positively and leadership have seen significant changes in behaviours associated with portfolio management, greater focus on high value activities, improved ability of staff to engage with discerning clients at the appropriate level, and alignment to key success factors in the business. The introduction of the BTS curriculum has seen Private Banking being positioned as the benchmark for role-based curricula in the organization. Well done BTS!"



► The learning and execution journey

BTS helps companies grow revenue through sales transformations. Successful sales transformations always involve the execution of a sales strategy. To enable that execution, salespeople must be **aligned** to the strategy, possess the right **mindset**, and have the

capabilities to engage in the right activities with the customer. The process that supports this change is often a multi-year effort involving the entire sales force and supporting functions.



The five pillars that underlie our approach to sales force transformation are:

- Understanding the customer’s business and selling to executives based on their specific interests and concerns
- Creating value for customers by framing how offerings drive the customer’s desired business result
- Communicating value to customers by presenting interactively and negotiating collaboratively beyond price issues
- Managing account strategy to create long-term customer relationships that involve a full set of offerings
- Coaching by sales managers that maximizes salesperson effectiveness and performance



BTS research reveals that companies that successfully accomplish a sales transformation build mastery in five areas. These areas are the five pillars of sales transformation.

Typically, the work of BTS begins with assistance to the client in creating alignment and mindset change around the go-to-market strategy. This often takes the form of Engage Maps, in which participants explore and deepen their understanding of the new strategy, and simulation, in which the salespeople temporarily adopt the mindset required by the new strategy and build their comfort and belief in it.

The effort to build capabilities usually occurs over a period of years. Often, the starting point is the development of stronger sales management skills. The BTS **Delivering Business Results** program is a multi-day solution that enables sales managers to be more effective at coaching, leadership, people development, performance management, and sales execution.

The first step for the front-line salespeople is typically to build business acumen, so that they better understand their customers. This often is accomplished through one of the more than a dozen industry simulations that BTS offers. These simulations are typically mixed with other BTS solutions to enable participants to practice applying what they just learned in the context of conversations with their customers, particularly those at the executive level.

With a deeper level of customer business acumen in place, the next step for salespeople is to build the core skills required to sell in a way that accelerates the customer’s business results. This is where our foundational, and best-selling, program, **Sales Accelerator**, comes in. In this program participants learn to leverage their customer understanding in planning for customer conversations, to ask questions using a proprietary BTS-developed sales questioning model, and to align their activities to the customer’s buying process. This two-day classroom program extensively utilizes both Engage Maps and simulations. The program also includes a number of post-classroom activities that continue to sustain the learning when the participants return to the field.

Next, salespeople learn how to quantify the value they create for their customers, through our **Aligning Value** program, taking with them after the program new tools they can use with customers. Then, they experience our **Communicating Value** program, where they learn to lead interactive sales discussions that move the customer forward in their buying processes. In our **Collaborative Negotiations** program and simulation, salespeople learn a series of techniques for discovering what the customer values beyond just price and negotiating on those dimensions.

Finally, the focus shifts to sales strategy. In our **Sales Blueprint** program, salespeople learn a fast and efficient way to create account strategies. This is the only offering on the market that focuses on visual planning and which is built on a premise that encourages joint planning with the customer. Typically, at the end of this set of programs, salespeople will go through a capstone experience, like our **SalesTeam** offering, that pulls together everything they have learned.

Across and between all of these programs are online opportunities to deepen knowledge in particular areas, practice online or in virtual teams using scenario simulations, and access online tools.



SOLUTION TECHNOLOGIES

World-leading simulations and experiential learning platforms

Our platforms incorporate innovative learning content and cutting-edge methodologies whose efficacy has been proven through successful implementation with leading organizations around the world. Our simulation tools allow companies to develop the skills and capabilities within all levels of their organization, and these competencies ultimately drive improved business results.

Fact

► Computer-Based Business Simulations

We build customized, computer-based business simulations to reflect our clients' key strategic and financial priorities. Our simulations are created to be competitively dynamic so that the decisions made by one team have a direct impact on the other teams' results. We reinforce the programs' learning objectives by combining the simulation with instructor-led discussions and feedback. The blending of our customized simulation technology and content curriculum offers participants a risk-free opportunity to test out a range of relevant strategies to drive business results.

In 2010, BTS launched its **Mini-Master Platform 3.0** that enables rapid and cost-effective development of customized business simulations.

► Computer-Based Scenario Simulations

Also known as "best-practice" simulations, scenario simulations are used to build leadership, project management and sales capabilities. The simulations leverage decision-tree structures in realistic case settings, enhanced with text, audio, still photography and video. Participants read and observe real-world business situations in the simulation and they then have the opportunity to react to the issues presented. Upon choosing a course of action, the simulation immediately presents the impacts of the participant's decisions on the ultimate goals.

In 2006, BTS launched a version of its "Project Leadership Live" simulation, translated into Chinese.

VESTAS

"How can we help decision makers at all levels to better understand the impact of their decisions on the entire value chain and on the customer?"



Creating a Line of Sight

Vestas is the world's leading wind turbine manufacturer. It operates in a fast-growing industry where its challenge is to maintain its leading position and succeed in its vision to transform wind into a competitive energy source. To this end, optimal, informed decision making at all levels of management is crucial. Vestas wanted more of its decision makers to learn what it takes to translate customer expectations into activities that positively impact the Cost of Energy and Business Case Certainty,

and that distinguish Vestas as an organisation that is Easy to Work With. BTS in partnership with Vestas Technology R&D developed the Business Xpress programme to provide participants with a holistic view of the Technology R&D business by understanding the impact that they have on the entire Vestas value chain and on the bottom line business results.

Success case results recorded within 6 months of closing the first 12 sessions indicate that Business Xpress had a clear

Fact

► Board Simulations

Board simulations, also known as “board games,” represent a company’s operations and simulate its business. During the simulation rounds, participants literally pick up and move “money” chips through the different areas of their company. This hands-on approach allows participants to visualize the cash flow cycle in action.

BTS offers hybrid board-computer simulations that create a dynamic competitive marketplace.

► Engage Maps

This highly experiential learning methodology is utilized to provide participants thoughtful processes to self-discover and implement the skills and capabilities necessary to drive desired behavioral changes. As a facilitated learning experience, these customized programs utilize the power of small groups, peer dialogue, and strategic relevance to ensure both long-term retention as well as immediate application back on the job. These interactive maps create opportunities for large numbers of executives, managers, and employees to understand the reasons for organizational change and to experience its implications. Through jointly developed, pre-designed formats, these maps assist participants in transitioning to the organization’s new environment and allow them to try out new behaviors.

Engage Maps have become one of the fastest growing areas of new solutions being deployed by our clients. Engage Maps combined with BTS’ computer-based business simulations provide a powerful combination to align and implement new strategic initiatives and change at all levels of an organization.

► E-Learning Solutions Online & Virtual Solutions

Our Web-based business and scenario simulations engage participants in highly interactive learning that employs the same BTS’ do-reflect-apply approach used in the classroom. In these competitive, game-style programs, managers and employees participate as teams or individually in a self-paced format. As participants and teams set their own pace throughout the simulations, they receive feedback on their performance and experience the impacts of their decisions on leadership, operational and financial performance.

Why Finance Matters! is considered by many to be the industry standard finance-for-non-financial-managers programs and is one of BTS’ most popular online solutions, with approximately 20,000 participants experiencing it annually.

Tournaments

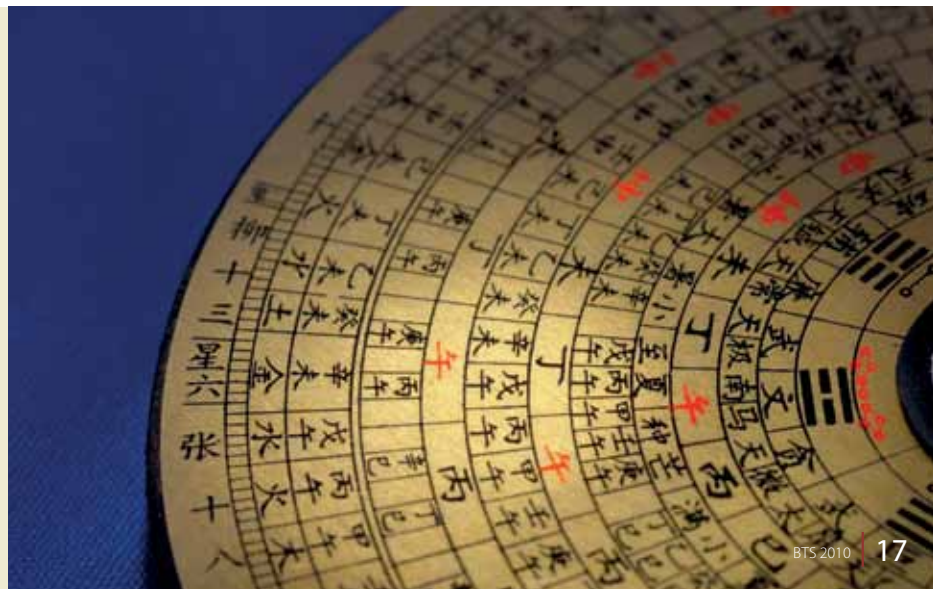
Tournaments are multi-team, competitive simulations conducted via the Internet with support and coaching from BTS’ consultants. Teams from various companies or from within the same company participate virtually in these open or in-house learning experiences. The ultimate goal for all participants is to enhance their business acumen and strategy execution skills within a dynamic and competitive environment. Companies entering teams in BTS’ open and custom tournaments save on travel and facilities cost while retaining benefits of experiential learning. To learn more, please visit our tournament website at www.btstournaments.com.

BTS’ Global Tournament is the largest business tournament in the world. Each year our global tournament attracts hundreds of teams from companies around the globe.

positive impact, with 75 percent of participants able to state that the programme had helped them to deliver, “measurable & concrete results”.

Thomas Havholme, Senior Vice President and CFO of Vestas Technology R&D comments:

“Business Xpress is more than a learning programme; it is a tool in our arsenal... Through a hands-on approach, Business Xpress shows what it takes to run a business like Vestas.”



GROWTH, PROFITABILITY, AND ACQUISITIONS

Growth and profit year after year

Growth has averaged 18 percent the last 10 years, of which 13 percent has been organic. Acquisitions have built synergies with new solutions, new markets and new talents and helped to drive growth.

► Continuous growth and profit

During the last 10 years, growth has averaged 18 percent per year, of which 13 percent has been organic. The company has delivered profit every year irrespective of market conditions and despite substantial costs for acquisitions and investments in product development and market establishment around the world.

This development is a result of BTS' growth strategy, dynamic business model and the entrepreneurial organization.

In the 1990s, BTS successfully managed to achieve continuous profitable growth. 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 this period. When the market conditions worsened between 2001 and 2003, BTS managed to maintain a healthy level of revenues, despite the unfavorable business climate (particularly in the IT, Telecom, and Manufacturing industries, where BTS was predominantly active) through adhering to its successful long-term strategy.

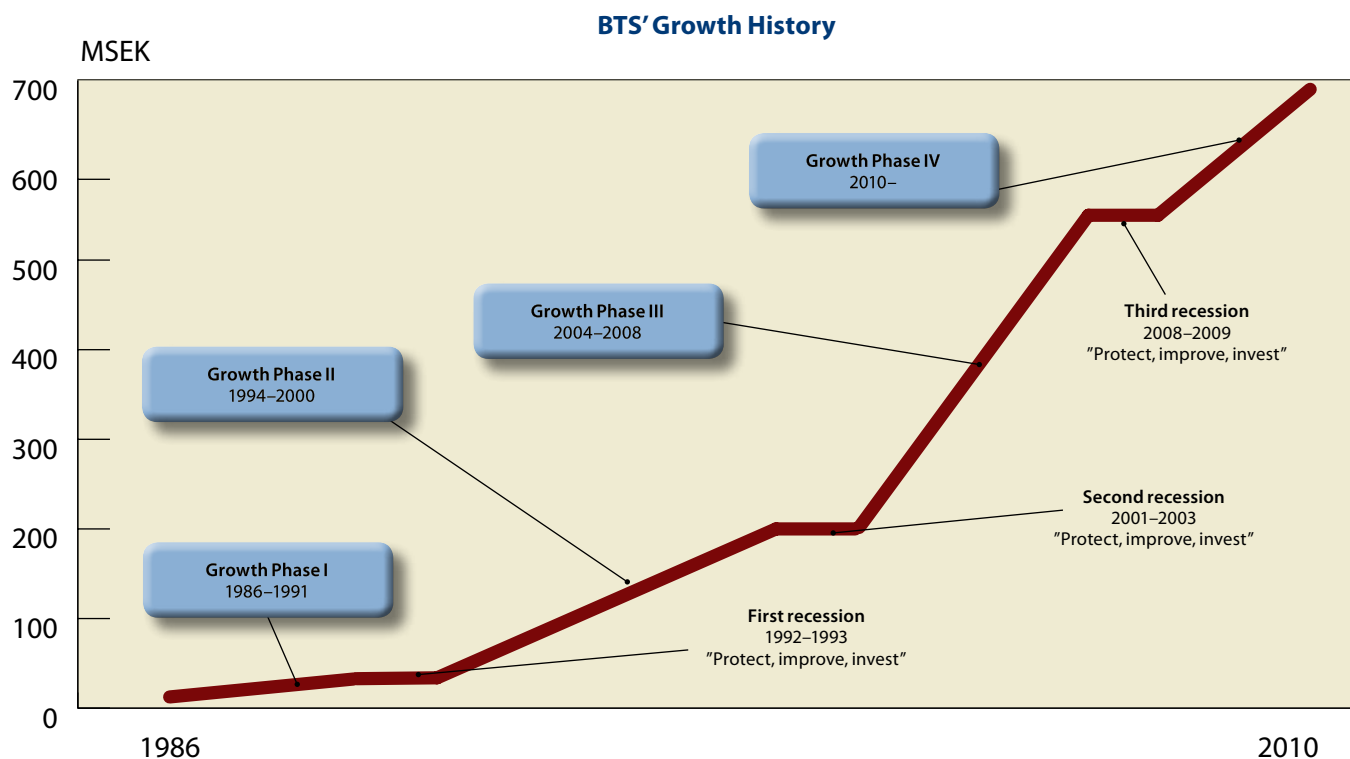
► New initiatives

In the difficult market conditions of 2001–2003, 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 and Energy.
- Expansion to two new markets occurred: Australia and Spain.
- The sales organization was strengthened, as was the collaboration with strategically important external partners.
- The customer base was significantly expanded.

► Increasing profits

BTS constantly strives to improve profitability. The changes and initiatives implemented during the period of consolidation between 2001 and 2003 have, in combination with focus on raising the proportion of revenues from licensing, led to a significant improvement in margins.



► 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 by adding new markets, new value-adding products and services and new talent.

During 2002 and 2003, BTS made two targeted, smaller acquisitions in Australia and Spain. These have both contributed to BTS' consistent growth and strong financial results.

► Acquisitions in 2005 and 2006

BTS acquired The Strategic Management Group Learning Solutions and Business Game Factory in 2005 and The Advantage Performance Group and The Real Learning Company in 2006. These acquisitions have strengthened the company in several ways.

The new companies have added new training-related technologies and delivery methods, a broader base and a wealth of new talent.

► The 2008–2009 recession

The recession during 2008–2009 has had significant negative impact on our industry. Most of the companies within it saw their revenues decline 20–40 percent in 2009.

Our recession strategy was based on two key factors: our low market share and our highly competitive offering. By focusing our resources on highly prioritized accounts, we were able to maintain our revenue and profit levels.

At the same time, BTS has made strategic investment and progress during the recession, creating a strong foundation for growth as of 2010 and onwards. BTS is well positioned to achieve its vision to become "the global leader in accelerating strategic alignment and execution – innovating how organizations learn, change and improve".



BUSINESS MODEL

World-leading capabilities are shaped in partnership with our clients

The foundation for growth lies in BTS' ability to create long-lasting customer relationships at different levels in the customer organization. An initial BTS assignment is often designed for and implemented with the client's senior executives and managers. This customization process is carried out in close cooperation with the client.

Outstanding results, well over the clients' expectations in an initial project, lead to customized solutions for managers and employees at different levels throughout the organization.

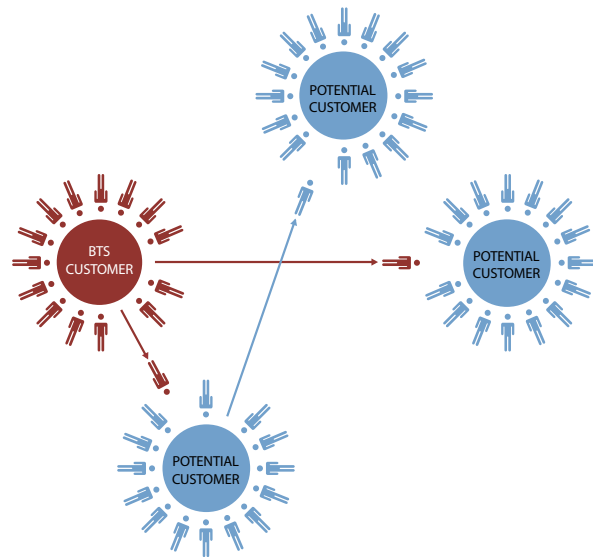
► Network-based marketing

BTS employs a network-based marketing approach covering a number of selected industries.

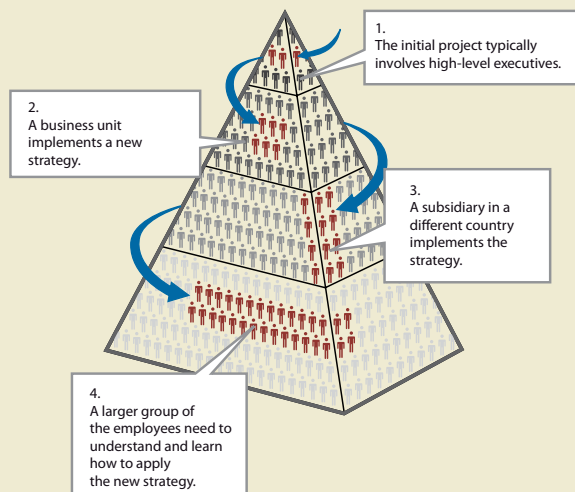
The network, composed of both those executives who make strategic decisions about change and learning initiatives and those who actually purchase solutions, helps generate opportunities for new assignments and customers. When BTS approaches a new industry, it initially focuses on a few leading companies. Once these assignments are completed, they will serve as reputation-building reference projects for new sales to other organizations in the same industry.

► 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.



BTS values its customer relations. Participants in the company's business programs are important future customers. New assignments come mostly from former buyers and program participants changing jobs or companies – and calling on BTS from their new positions.



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

Existing customer relationships make up the base when BTS starts up operations in a new market – a fact that 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 the logical step and establish 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 finding complementary acquisitions. 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 have played an important role in this process.

Development

► Developing the revenue mix

BTS' revenues originate from three areas:

- Customization
- Instructor-led seminars
- Licenses

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 of customization is initially high. With the later reuse of experience and skills, however, these costs subsequently fall.

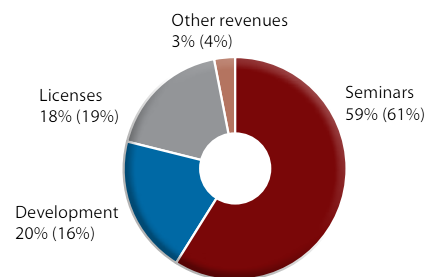
► Seminars – the majority of revenues

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 e-Learning, CD-ROM, and as manual board solutions. The long-term goal is to increase license revenues. License-based business simulations are very efficient learning tools for customers; they make it possible to reach larger 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



BANAMEX

“How can we motivate employees to serve our customers better and win more business?”



Building a Service-Oriented and Customer-Focused Culture

Grupo Financiero Banamex, one of the largest financial services groups in Mexico offering personal and corporate banking, employed BTS in 2010 to implement a strategic initiative sponsored by its executive management.

The aim of this change initiative was to help Grupo Financiero Banamex consolidate a consistent, service-oriented approach towards the customer, to be adopted by sales representatives from

different banking groups. It was named “Cultura de Relación Integral” (Integral Relationship Culture).

The program, aimed at 700 sales representatives and 100 managers, was rolled out in 2010 with fantastic results, especially in terms of satisfaction and cultural alignment; customer satisfaction and loyalty rate grew as a result of this initiative, which led to an increase in the Group's share of wallet.

MARKET

BTS growth fueled by global demand and changing client needs

► **BTS targets 10 billion USD global market with 1 percent market share**

The total US corporate learning market increased slightly from 2009 to 2010, from USD 48.2 billion to USD 48.7 billion (including salaries to companies' internal training resources). Of this, spending on products and services from external providers decreased from USD 13.8 billion in 2009 to USD \$12.7 billion in 2010, according to a key Bersin & Associates corporate learning industry report.¹

BTS' targeted US market segment (corporate learning services for executives, managers and sales organizations) is estimated to have been unchanged or worth USD 4.5 billion. The global size of this segment is estimated by BTS to exceed USD 10 billion, which means BTS has a world-wide market share of close to 1 percent.

The US market has, over a longer time period, grown 4–5 percent per year on average² and the market is cyclical with sensitivity to recessions. The market in rapidly growing developing economies – such as east Asia, Brazil and Mexico – is estimated to grow significantly faster.

► **A more complex business environment demands a more flexible leader**

Global forces are reshaping the future of business and society. The majority of CEOs find today's economic environment challengingly complex, and that complexity will only grow. The best performing companies according to the IBM study, "Capitalizing on Complexity: Insights from the Global Chief Executive Officer," are able to act in the face of uncertainty and complexity.

More than three in four executives running global companies consider development programs to be the most important way to overcome challenges to global management in order to achieve operational excellence, accelerate change, and improve business results.³

Technology, meanwhile, is upending traditional business models and forcing more open development. For many companies, emerging-market countries are expected to contribute more growth than the developed markets.

► **Human capital: the biggest challenge**

Optimizing human capital will be the biggest challenge over the next 10 years. According to research by the Society for Human Capital Resource Management, 47 percent of respondents agreed that obtaining and optimizing human capital investments was the biggest investment challenge. That was more than the next two answers (financial capital and intellectual capital) combined.⁴

Adding complexity to urgency, organizations are managing a talent pool spread across the globe, rather than a handful of leaders at headquarters. According to a report from The Economist Intelligence Unit, the greatest challenges that top executives consider important to successful companies are as follows:

- Understanding customers in multiple territories (45 percent)
- Finding high-quality people in multiple territories (35 percent)
- Communicating a single strategic vision (34 percent)
- Managing teams effectively across borders (33 percent)⁵

Companies need a common language for strategy and business. With strategies sometimes lasting less than 24 months, the urgency to get them into the market faster is increasing. BTS is adapting to the needs of these global organizations. In the last decade, learning programs that would once have been initiated in the United States and then rolled out to other markets are now starting in markets outside the US. With 26 offices covering all continents, BTS is well positioned to create and deliver programs in the client's native language that reflect local cultural norms.

► **The strategy execution gap**

The majority of corporate strategies are never implemented the way they are supposed to be. Many companies suffer from a strategy execution gap.

Often, this happens because most employees find the strategy too abstract and do not understand how it really applies to their job.

1. "The Corporate Learning Factbook 2011", Bersin & Associates.

2. ASTD.

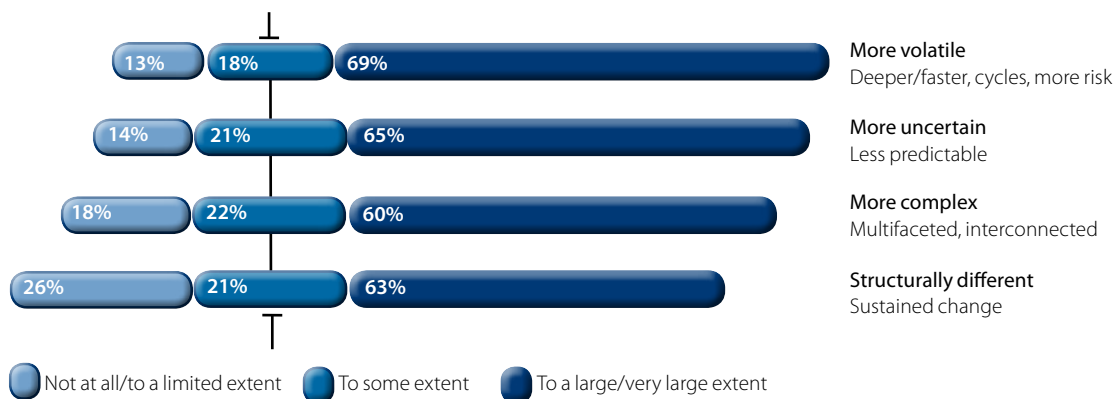
3. Seventy-six percent of top executives ranked training and development as the most important area for their company to reach their strategic objectives. "CEO Briefing: Corporate Priorities for 2007" and "Beyond". "The Economist Intelligence Unit", 2007.

4. "Challenges Facing Corporations in the Next 10 Years", SHRM Research.

5. "CEO Briefing: Corporate Priorities for 2007" and "Beyond". "The Economist Intelligence Unit", 2007.



Companies Are Facing Uncertainty and Complexity



Two-thirds of CEOs surveyed by IBM consider the world far more volatile, uncertain, and complex. As the world continues to experience sustained change, companies will require an entirely new approach to leadership development.

Source: Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study, IBM, 2010

As long as employees do not clearly understand which actions they need to take for coworkers and customers to achieve the best results, it will be difficult to implement changes fast enough in order to remain competitive.

This strategy-execution gap is a leadership issue, on top-, mid- and first-line management levels, as well as an engagement issue in the whole organization.

Efficient learning and development investments to increase strategic alignment and capability to execute are key if corporations want to be successful at managing and implementing their strategies.

BTS' discovery-based, simulation technology learning solutions support change processes and strategy execution by helping to bridge the strategy-execution gap.

This is where BTS and its learning and development solutions can play a transformational role: leaders and employees learn how to make the right decisions and take efficient actions that increase corporate performance and bottom-line results.

The 2008 EIU Report findings show that the core issue in most change management processes is people.

► The new leader: creative, empowered and in touch with customer opportunities

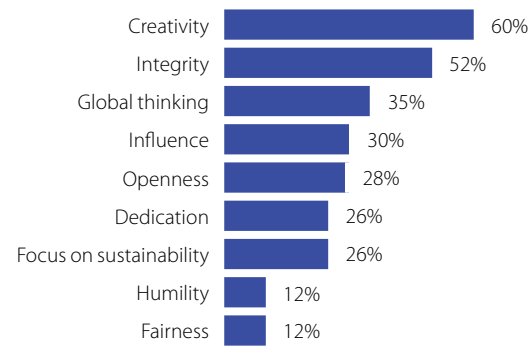
"The model of the hero leader, of a CEO sitting on top of a pyramid being decisive and making decisions is a thing of the past," recently said Dominic Barton, McKinsey managing director. "We need to obviously have decisions, but we're going to need to have more of a leadership team. You've got to be able to empower people to be able to make decisions when information's changing, without telling them and pushing them."⁶ Standout companies are focusing on the following:

- Encouraging creative leadership: creating an innovative platform to engage more effectively with customers, partners and employees.

- Transforming customer relationships: new channels, new technology and new approaches mean that organizations can better understand, interact with and serve their customers and citizens.
- Building operating dexterity: complexity can be an advantage for organizations that are flexible, fast and innovative.

The best leaders are not the ones who dictate their plans, but those who bring vision, inspire people with a sense of urgency, and then help them bring their own creativity, to a project.⁷ Consistent with that focus on creativity, the IBM Global Chief Executive Study found that, of all the top leadership qualities required for the next five years, CEOs cited creativity as the most important.⁸

The top leadership qualities required for the next five years



6. McKinsey Quarterly, November 2010.

7. "A Change for the Better. Steps for Successful Business Transformation." Economist Intelligence Unit, May 2008.

8. "Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study", IBM 2010, page 24.

SANOFI-AVENTIS CHINA

"How to sustain a market-leading position in China?"

World-Class Marketing and Sales

The China hospital prescription pharmaceutical market has shown an average annual growth rate of 24 percent during the past five years. The competition is intense and vast investments were made by all players in order to gain a larger share of the Chinese market.

To remain a leader in China, Sanofi-aventis adopted a new marketing strategy with the objective to transform the marketing functions from "operational-driven" to "strategic-driven". BTS developed

a series of programs to align 150 marketing executives and managers to this strategy.

To successfully implement the new strategy, the executives and managers learned to strategically think in a different way and use marketing concepts such as macro-environment and leverage point assessment, brand performance and selection, and patient funnel. This set the foundation for enhancing coordination between the central and local marketers and the marketing and sales functions.



According to one executive, *“the program made it possible to bring out the meaning and rationale behind a simple approach; theory becomes richer and instructive to use.”*

Besides enjoying the program, the central marketers immediately applied the key learning points in their preparation of the 2011 business plan.



► **The empowered front-line leader**

There is an urgency for redirecting focus of front-line leaders as executors of strategy. Those companies poised to capitalize on their markets are those that have invested in developing their “Front-Line Execution” – preparing the mid- and front-line managers to understand their role in strategy execution.

Continuous improvements are coming from the front lines, not headquarters. An empowered manager does not sit still at the bottom of a command-and-control organization. Time and response are of the essence. Line managers are responsible for day-to-day decisions, so they need to be aligned to strategy, the mindset, and the capabilities to execute on that strategy.

► **Leadership development beginning to mature**

Bersin & Associates Research classifies companies into one of four stages in their organization’s leadership development maturity level. Just under one-half of U.S. companies have no leadership development programs or use an inconsistent approach, but that represents a significant 10 percent improvement over the previous year’s figure. Approximately one-quarter (26 percent) have a focused or strategic approach to leadership development – an increase over last year’s figure of 17 percent.⁹

BTS is poised to support the organizations that have moved to this “mature” approach to learning and development, now a majority of corporations.

According to a 2010 McKinsey study, 1,440 executives surveyed said they are not very good at executing. “Only one-quarter say their companies’ training programs are ‘extremely’ or ‘very’ effective in preparing various employee groups to drive business performance or improve the overall performance of their companies.”¹⁰

9. Bersin & Associates, “Leadership Development Maturity Model”, Bersin Research 2009.
10. “Building Organizational Capabilities”, McKinsey Global Survey.

Leadership Development – A Strategic Differentiator
(with percent breakdowns by maturity level)



Leadership development, no longer a “nice to have” tool, is being linked to business outcomes. Leadership development is still immature within most companies, many organizations are making progress in moving toward more effective leadership initiatives.

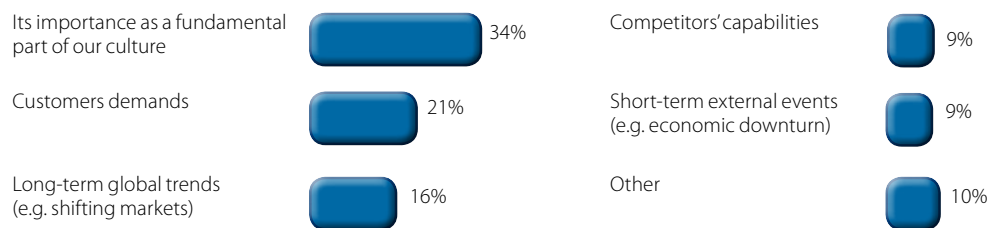
More than one-quarter (26 percent) of companies surveyed have a focused or strategic approach to leadership development – an increase over 17 percent from the previous year.

Just under one-half of U.S. companies have no leadership development programs or use an inconsistent approach. A significant decline from last year’s figure of 60 percent.

Source: Bersin & Associates, 2009

Why companies focus on building capabilities
% of respondents, n = 1,375

Reason an organization focused on a specific skill (e.g., sales and pricing, leadership)





TELSTRA

“How do we develop the next generation of commercially astute, people-focused and innovative leaders who will support the next growth phase for Telstra?”



Building Leadership Bench Strength

The largest provider of telecommunications services in Australia, Telstra, is facing an increasingly tough competitive environment and a changing regulatory landscape. Telstra has identified that a key ingredient for their future success is the accelerated development of their next generation of senior leaders.

BTS partnered with Telstra to develop a highly engaging, multi-platform solution to rapidly develop the full range of leadership skills for their future senior leaders. It utilises a fully customised and highly realistic business simulation of Telstra in the future to create

alignment to the strategy and commercial acumen skills. Engage Maps and leadership simulations support the development of the people leadership skills and innovation skills they need to support Telstra's future growth.

“Every leader who wants to ensure they're heading in the right direction should go through a BTS experience”

GM: Access Strategy & Technologies, Telstra.

EMPLOYEES AND ORGANIZATION

Problems become opportunities to BTS employees

Our corporate culture is the foundation upon which our organization is built. It is a key reason why world-leading companies do business with us and it is why our employees consider BTS a great place to work.

The following are the most powerful aspects of our culture:

► Freedom & responsibility

BTS gives freedom and autonomy to our consultants. They have the freedom to manage their own time when they are on the road, at client sites and in the office. The flip side of this freedom is an enormous amount of client-facing responsibility. Our consultants lead managers and executives at world-class companies through BTS' simulations and experiential learning solutions.

► Achievement & excellence

We believe that if you find the right people, give them freedom and responsibility, they will achieve great results. Our consultants work with the top talent of world-class corporations. Whether we are on

stage in front of senior executives, engaged in a client development meeting with a C-level executive or creating an innovative new simulation application, we believe in delivering excellence. Our unique culture nurtures consultants who are highly motivated to pursue high levels of achievement and excellence.

► Fun & adventure

The very nature of our work is fun. We literally engage in sophisticated, bottom-line-oriented business simulations with highly experienced and capable people from the business world; our clients are managers and executives of leading companies across the globe. Leading 25 top executives through a two- to three-day simulation experience is an adventure that BTS likens to being a tour guide on an "intellectual adventure trip."

KEY FIGURES, EMPLOYEES

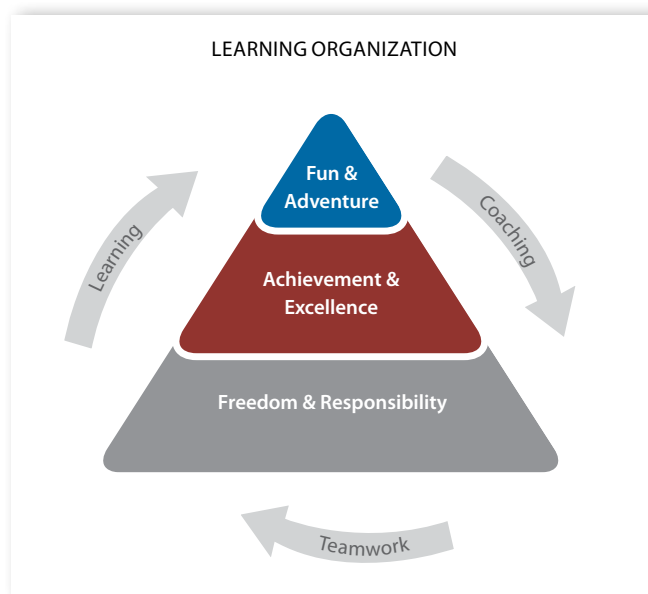
	2010	2009	2008	2007	2006
Number of employees at the end of the year	299	252	267	230	186
Of whom women, %	36	34	35	36	33
Net turnover per employee, KSEK	2,517	2,289	2,202	2,479	2,298

► Learning organization

Teamwork is the foundation upon which BTS is built – and learning is our top priority. We work hard to develop our employees through coaching, mentoring, teamwork and training programs. BTS believes that an organization can grow and improve by "leaders teaching future leaders." BTS' employees help each other develop new skills and overcome challenges.

► Built on diversity

We value the diverse background of our employees. Our success is built upon teams of highly talented and diverse professionals who develop and deliver innovative solutions to our global client base. Diversity makes our team environment rich with new perspectives and capabilities.



► Career roadmap

Employees at BTS are evaluated on the value they deliver for the organization – and for our clients. Opportunities are based on merit and employees have the opportunity to move up the career roadmap once they have obtained and demonstrated the necessary skills.

► New recruitment

BTS' success is largely attributed to recruiting, developing and retaining the best and most engaged employees. The average tenure of a BTS consultant is six to seven years with the company. We believe this is a result of investing heavily in determining a mutual fit. BTS has a clearly defined process for identifying, attracting and retaining top talent with strong potential for development.

BTS Organization

► BTS Group's Six Operational Units

BTS Group's operative activities are run through six units, in which the executive management has full business and P&L responsibility for their respective geographical markets.

BTS North America

Austin (Texas), Chicago (Illinois), Los Angeles (California), New York (New York), Philadelphia (Pennsylvania), San Francisco (California), Scottsdale (Arizona) and Stamford (Connecticut).

BTS Northern Europe

Brussels (Belgium), Helsinki (Finland) and Stockholm (Sweden).

BTS Western Europe

Amsterdam (The Netherlands), London (United Kingdom) and Paris (France).

BTS Iberia

Bilbao and Madrid (Spain).

BTS Other Markets

Bangkok (Thailand), Johannesburg (South Africa), Mexico City (Mexico), Mumbai (India), Sao Paulo (Brazil), Seoul (South Korea), Shanghai (China), Singapore (Singapore), Sydney and Melbourne (Australia), Taipei (Taiwan) and Tokyo (Japan).

Advantage Performance Group (APG)

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

Product-Specific Units

BTS has two product-specific units that work with new concepts and the production of solutions, as well as provide active sales support to the customers of the three operational units.

► BTS Interactive

BTS Interactive is responsible for connected learning, on-line and virtual solutions as well as tournaments.

► BTS Board Simulations

BTS Board Simulations is responsible for manual board business simulations.

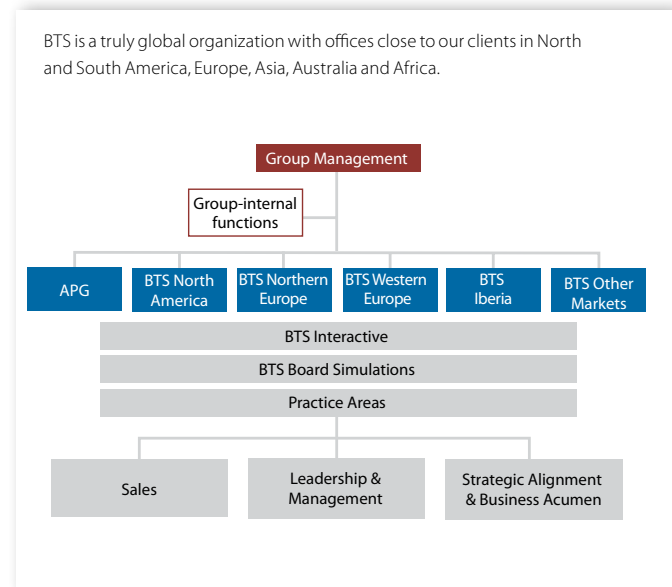
► Practice Areas

BTS has three practice areas. Specialists and thought leaders have been gathered within each practice area and are responsible for developing new concepts and solutions as well as the use of best practices across the BTS Group:

- Strategic Alignment & Business Acumen
- Leadership & Management
- Sales

► Group-Internal Functions

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



CORE VALUES

True north

► 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 merit

- 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 clients’ and BTS’ competencies, best practices and methods to achieve optimal results.



PROCESSES

Internal efficiency drives excellence

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 learning 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 forms the foundation for creating new learning 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 higher quality.

- BTS Document Platform is used for searching and reusing existing documents.
- BTS Flash Platform is used 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 solutions 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."



THE ADVANTAGE PERFORMANCE GROUP

Poised to help clients accelerate positive business results

Advantage Performance Group (APG) specializes in helping their clients accelerate business results, increase sales and improve the way people work together.

Advantage Performance Group (APG) specializes in helping organizations accelerate positive business results. APG helps organizations in four main areas:

1. **Sales Performance:** Create sales organizations that amaze clients and shareholders.
2. **Leadership and Team Performance:** Ensure that employees not only understand business strategy, but can execute it.
3. **Business Acumen:** Develop every person's ability to make better business decisions.
4. **Results:** Ensure that every learning initiative accelerates positive business results.

► Creating positive business results

Advantage is uniquely positioned to capture the business of organizations that are emerging from the recent downturn with strong momentum as well as those that continue to struggle. The primary reason is that the Advantage WaySM training effectiveness methodology creates measurable business impact from every learning initiative.

When clients implement the Advantage WaySM system, their organizations achieve documented business results as well as improved job performance. They are able to measure the business impact of training – solid proof of its value to their organization.

A learning investment with APG results in accelerated performance and provides the solid metrics to secure ongoing funding from the executive suite. These two outcomes are ideally suited to the current post-recession business environment.

► Network model

Acquired by BTS in 2006, APG has more than 400 client relationships. Many of these partnerships span more than a decade. The firm is a network of approximately 40 full-time consultants located across the U.S. These highly experienced performance consultants act as business partners with clients. The network also includes more than 100 seasoned facilitators who deliver learning both virtually and on-site across client organizations.

APG also has longstanding alliance relationships with a large team of global thought leaders (such as BTS) who provide unparalleled expertise. These thought leaders are an integral part of the APG network and deliver a continuous stream of state-of-the-art learning research, methodologies, and solutions that meet clients' evolving needs.

► Differentiators

Continuing softness in the global economy is neither a surprise nor an impediment for APG. Because of its differentiators, APG is uniquely positioned to capture the business of organizations emerging from troubled times. These differentiators are:

- **Ability to create a positive bottom-line impact from training:** Using the Advantage WaySM system through the entire engagement, APG is able to commit its clients to a complete alignment with business results from the very beginning.
- **Ability to provide a continuous stream of broad and deep learning solutions:** Thought Leaders such as BTS allow APG to provide solutions that have a strategic focus and are relevant to every level and function of the organization.

AUTOMATIC DATA PROCESSING (ADP)

"How do we move from providing a service to providing the higher-level value of an 'all in one' business solution suite?"

To Sell a Different, Higher-Level Value

Automatic Data Processing, Inc. (ADP) is one of the world's largest providers of business outsourcing solutions. When the company launched a fully-outsourced solutions suite, this "all in one" product for business owners represented a different, higher-level value than the single services ADP had previously sold to clients.

Advantage helped the sales organization learn how to sell to a different contact at a higher level. A business acumen sales simulation, fully customized to the ADP product launch, formed the core of the learning experience. A companion program further helped

salespeople understand their customers' buying cycles and entire company, not just the HR function. The Advantage WaySM process was incorporated so that learning would create measurable business results.

After the initiative, salespeople better understood the new product and were able to develop C-Level relationships, coach more effectively, and think more consultatively. Six months after training, significant launch results included multi-year sales contracts, expanded business with current customers, and more qualified prospects in the sales funnel.

- **Ability to deliver proven, best-practice expertise based on decades-long relationships:** Having access to the same performance strategies and insights that other global leaders have used to pull themselves out of recessionary situations is viewed by today's organizations as crucial added value.

► Strategic direction for 2011

APG has achieved continued growth by becoming more strategically relevant to our clients, and the firm fully intends to continue this positive momentum. APG's 2011 strategic direction will focus on three aspects of the current business environment that are a particular fit for the firm:

1. **Need for improved leadership and strategy execution:** Even as organizations begin to ramp up for a hoped-for market upswing, most are taking a second look at their leaders' abilities to perform under economic pressure. APG has particular expertise in this area. The 2011 strategy is notable for a strong focus on leadership development plus the companion issue of helping all employees execute corporate strategy more effectively.
2. **Need to transform sales organizations:** Although sales executives are aware that economic phases are cyclical, the shock of the recent downturn still has many sales teams reeling. Leading sales teams, however, are ready to re-tool and transform their organizations to equip their sales people to capture – or recapture – much-needed market share. APG has outstanding, transformative sales best practices, research, tools, systems, and processes for this purpose.
3. **Need for employees to make better business decisions:** One clear result of the continuing environment of tight margins is that businesses are demanding that all employees make better business decisions. Supported by innovative simulations and learning experiences of business acumen thought leaders such as BTS, APG is well equipped to make sure every employee knows how their actions affect the bottom line – and how to make smarter, more informed decisions that will help their organizations succeed.

"Understanding the customer's entire company enabled the ADP sales team to sell a higher-value product at a higher level. The bottom line: even in a turbulent economy, the ADP sales team was able to hit launch sales goals."



THE BTS ADVANTAGE WAYSM SYSTEM

Link your investment directly to business results

Research shows that 85 percent of all training has zero impact on job performance. Advantage decided to help its clients beat those odds.

Our solution is the Advantage WaySM system. We guarantee that when you implement Advantage Way, your organization will achieve documented business results as well as improved job performance. And for the first time, you will be able to measure the business impact of training – solid proof of its value to your organization.

The Advantage Way is the result of a strategic alliance with Robert O. Brinkerhoff, Ed.D., world-renowned authority on training effectiveness and evaluation. It is based on more than 30 years of research and practice, and has been proven with leading organizations such as Limited Brands, Boeing, Anheuser-Busch, Children's Healthcare of Atlanta, and many others.

Direct link to business results

The Advantage WaySM system:

- Gives each employee a clear "line of sight" to the business impact he or she must make after learning concludes.
- Engages managers at all levels in ongoing coaching conversations with their people, to ensure that learners continue to use new behaviors that will help them achieve agreed-to business results.
- Includes APG's proprietary Success Case Evaluation MethodSM that measures and demonstrates behavioral and bottom-line results of learning.

The Advantage WaySM system includes cutting-edge development for HRD professionals and easy-to-use tools for managers and learners, all aimed at the goal of delivering better business results

from training. The system is easy to implement, enabling organizations to convert learning consistently, quickly, and effectively into meaningful business results.

Benefits to the organization

When the Advantage WaySM system becomes an integral part of the learning culture, organizations will find that:

- The business impact derived from learning investments consistently doubles or triples.
- Learning initiatives are more tightly aligned to specific business challenges.
- Productivity improves.
- Learning and Development professionals are seen as valued business partner consultants, and evaluated on their contribution to the success of the organization.
- Cultural or systemic obstacles that may impede learners' success back on the job are identified and removed.
- There is organization-wide commitment to the strategies and processes that reinforce new behaviors after training, including coaching and measurement.

"When the Advantage WaySM system becomes an integral part of the learning culture, the business impact from learning investments consistently doubles or triples."

PREMIER

"How do we increase sales-people's understanding of complex healthcare issues so we can help our C-Level hospital clients achieve goals?"

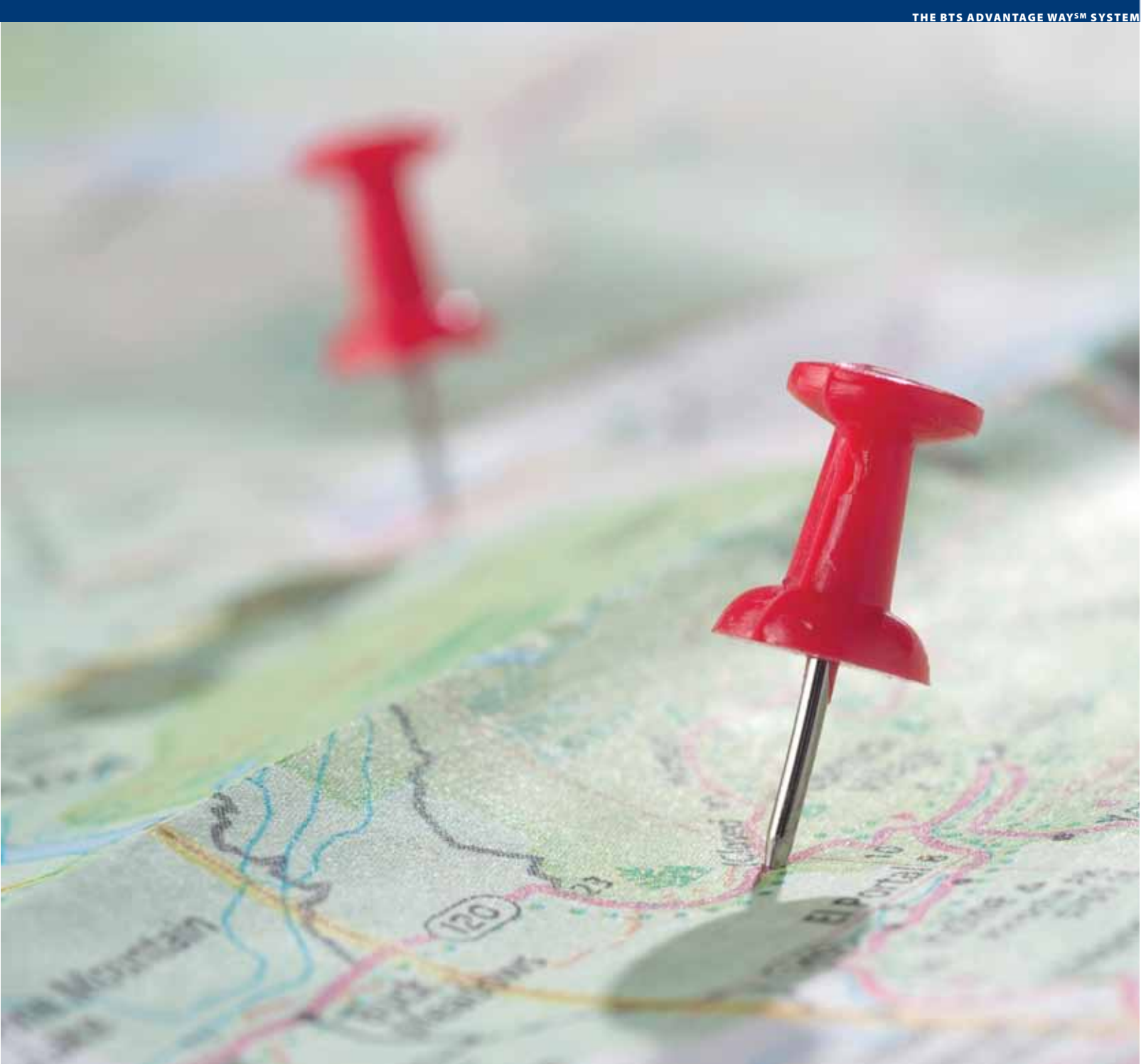
To Build Healthcare Financial Acumen

Premier is a performance improvement alliance of more than 2,400 U.S. hospitals and nearly 70,000 other healthcare sites. The company helps C-Level hospital leaders reduce costs and patient risk while increasing quality of care.

To achieve this, Premier field leaders needed to better understand the complex issues involved in running a hospital, the decision pressure points, and the interrelated drivers within the extremely complex healthcare arena. Field teams needed a better understanding of

their own business and the true value Premier could offer its members.

APG created financial acumen learning that improved people's understanding of hospital financials and improved financial acumen overall. The BTS healthcare simulation helped Premier's managers deepen their understanding of key company financial levers and the consequences of their own decisions on Premier's bottom line. Managers developed a deeper understanding about what hospitals are trying to achieve from a



purchasing and a strategic standpoint. The program also dramatically improved managers' understanding of issues affecting their alliance members. The BTS Symphony program filled an additional leadership gap by giving Premier leaders the tools and skills to assess, plan and manage individual and team performance more effectively.

"This learning addressed precisely what Premier needed. There's nothing else on the market that addresses the hospital situation in such a specific and comprehensive way."



COMMUNITY AND SOCIAL RESPONSIBILITY

Positive development and change

At BTS, we believe that companies have the same moral responsibilities to a community as individuals have. This belief has guided our operations for over 25 years, and continues to shape the company's social and environmental responsibility.

BTS has adopted a community-related policy as part of its overall Community and Social Responsibility (CSR) policy. BTS shall focus on projects where we engage in projects aimed at improving living conditions for people in some countries where we operate, or might operate, in the future.

The purpose of these initiatives is primarily to contribute financially to projects in the community and to contribute with all our skills and knowledge by making technology and human resources available to these projects, thus acting as catalysts to improve the daily lives of people.

"To financially contribute and to share our expertise and knowledge with the community where we operate is part of "BTS" core values"

The BTS Community and Social Responsibility program will primarily focus on initiatives, organizations and projects that share our vision where we see great opportunities for positive development and change through learning processes and skill transfer. BTS believes that real change in people's lives and to communities must not only be based on financial aid, but the combination of financial support and knowledge transfer. BTS policy is to select and support organizations and projects based on the following main principles:

- BTS shall only select and engage in organizations and projects where the organization is truly efficient and can ensure, and show, that the investment is channeled to the project directly.
- BTS will not tolerate that donations are used for administrative purposes or that any investments are used for non-charitable work or good.
- BTS contributions, being financial or through making other resources available, shall focus on projects where the learning process plays a material role and is fundamental for the way the organization works.

The following two examples represent the kind of projects that BTS is supporting within the framework of its Community and Social Responsibility program:

THE NON-VIOLENCE PROJECT FOUNDATION

This organization successfully promotes social changes through international youth education and leadership initiatives. Their objective is to inspire, motivate and engage young people in positive action and to reduce youth violence, enabling the next generation to understand how good leadership can make a difference and how they, too, can become leaders and role models themselves. The Non-Violence Project Foundation was launched 16 years ago. Their track record speaks for itself. Close to five million students, teachers and sports coaches around the world have taken part in one or more of their education programs. At present they are active in Sweden, the United Kingdom, the United States, Brazil and South Africa



► Pro Bono Work

Hand In Hand is expanding the number of centers in a very fast pace, with aggressive targets of new centers. Each center will have a manager responsible for a center's operations and financial development. As a center is financed by Hand in Hand microloans with a payback scheme, the managers need to know how their decisions and different events impact their center and the money in and out flow streams, to secure a financially sound development.

BTS manual simulation will let many thousands of Indian women – who know nothing of business, but who want to engage in work and create a better life for their families – run a fictional small business and learn the critical ground rules in an engaging and effective way. They will make their mistakes in the simulation so that they can be successful in their own small business. This is in line with BTS's belief in how education and entrepreneurship will positively support Hand in Hand's work to improve living conditions for families in India.

The simulation will be very basic and easy to follow, as it builds on a step-by-step approach. BTS will also train and certify Hand in Hand facilitators to run the manual board simulation to achieve the objective with this learning initiative.

BTS provides the whole development work and the material pro bono.

► Local initiatives

BTS encourages its employees to engage and to get involved locally in their home communities and contribute in the best way possible. For example the employees in BTS USA can donate to charities or do philanthropic work. Where, subject to approval from BTS, we will meet that donation and donate the same amount up to a maximum amount.

► Environment

We recognize the key role we have to play in both reducing and contributing to greenhouse gas emissions. Our commitment in this area is set out in our Climate Change Policy.

► Climate change policy

Climate change has now been recognized as an international issue with national governments globally committed to taking action to reduce greenhouse emissions. Even if the daily operations of the BTS does not in a direct way contribute to greenhouse emissions, the nature of our work for our clients indirectly negatively affects this issue. For example our employees conduct air travel to fulfill the promises to clients set out according to the commercial agreements made between parties.

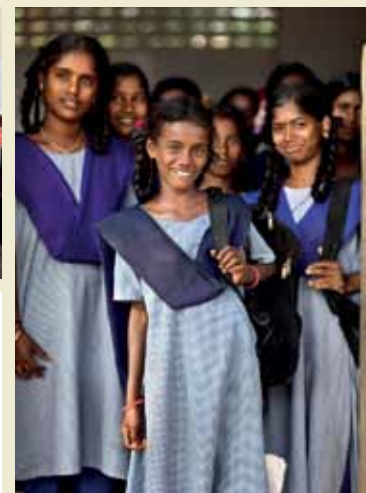
We have a role in supporting governments and communities to reduce the impacts of climate change from mainly transport by planning and conducting all our travel in a manner that has the least possible negative impact to greenhouse emissions. We are committed to reducing the greenhouse gas emissions from our operations in a way that supports national governments. Our key climate change commitments are:

- To assess the potential impact to our business from evolving climate change.
- To work actively with our suppliers to positively contribute to the use of less greenhouse emission technologies, transportation and production processes.
- To financially compensate for the negative impact on greenhouse emission our operations might have by utilizing standard compensations. For 2010 BTS climate compensated all travel by donating to The World Land Trust.
- To actively promote improved energy efficiency within our business.

HAND IN HAND

Hand in Hand is an organization that supports the evolution of poor women in India. The project is based on the establishment of villages where women and children are cared for, can get proper education and where the women can learn how to create a life through the means of starting very small business. Some 648,000 women have so far been trained and motivated through Self Help Groups, resulting in 627,000 microenterprises. Hand in Hand doesn't give people fish; they train them to use a fishing rod and lend them money to buy one. Hand in Hand helps people to help themselves by organizing women into Self Help Groups, which work as business and savings partnerships.

Real and sustainable change can only be achieved if people learn how to act differently and how to build a future based on the resources that are available. Hand in Hand provides training in social skills, reading and writing, saving and borrowing, keeping books and running small enterprises. They lend only to women and



ensure that the loans are used for investment and not consumption.

Supporting Hand in Hand is a good example of how BTS can contribute both financially and by sharing knowledge from our business operations.

BTS' Share

On June 6, 2001, the BTS share was floated on NASDAQ OMX Stockholm in connection with the issue of new stock, raising capital for the Company of SEK 78.1 million after issue expenses.

The share capital totals SEK 6,016,100, distributed among 853,800 Class A shares and 17,194,500 Class B shares, each with a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes, each Class B share one vote. All shares carry equal rights to participate in the Company's assets and profits.

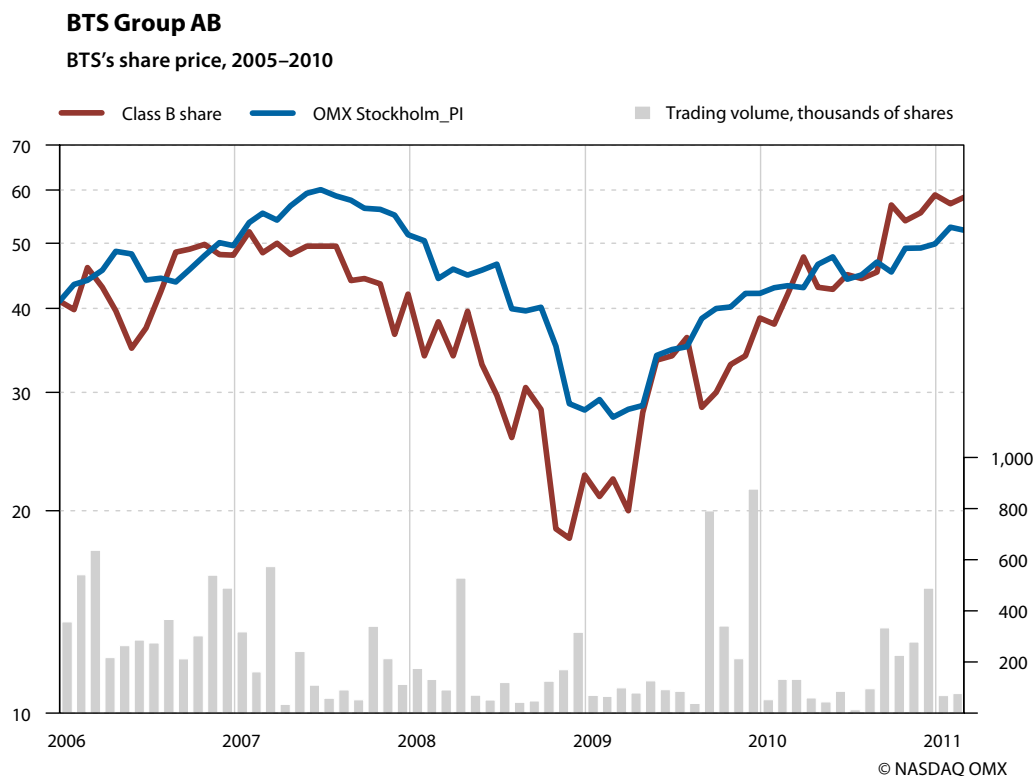
At December 31, 2010, there were 859 (695) shareholders in the Company. Since 2002, BTS Group AB has worked to promote depth in share trading. As part of this strategy, a market maker has been engaged to work to increase interest and trading in BTS's shares.

Dividend policy

The Company's goal is to distribute 30%–50% of profit after tax in the long run.

SEK	2006	2007	2008	2009	2010
Share price at December 31	48.00	42.00	22.60	38.70	59.00
Earnings per share, December 31	2.18	2.71	2.50	2.45	3.28
Price/earnings ratio, December 31	22.0	15.5	9.1	15.8	18.0
Cash and cash equivalents per share, December 31	3.99	3.74	3.65	4.18	4.90
Equity per share, December 31	9.68	11.00	13.90	14.38	15.50
Dividend per share	1.00	1.20	1.20	1.20	1.50 ¹

¹ Proposed dividend.



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	Par value per share, 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	1,319,700	1,926,300	4,328,000	1.00
2001	Conversion of Class A to Class 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		5,897,300	569,200	11,225,400	17,691,900	0.33
2006	New issue	118,800	6,016,100		356,400	18,048,300	0.33

10 largest shareholders

Name	No. of Class A shares	No. of Class B shares	Holding	Pctg. holding	Pctg. votes
Henrik Ekelund	816,000	3,172,034	3,988,034	22.1	44.0
Stefan af Petersens	37,800	2,306,795	2,344,595	13.0	10.4
Alecta Pensionsförsäkring	0	998,600	998,600	5.5	3.9
LANNEBO MICRO CAP.	0	995,000	995,000	5.5	3.9
SWEDBANK ROBUR Småbolagsfond Sverige	0	967,894	967,894	5.4	3.8
Stefan Hellberg	0	951,994	951,994	5.3	3.7
Placeringsfond Småbolagsfond, Norden	0	924,154	924,154	5.1	3.6
Jonas Åkerman	0	913,809	913,809	5.1	3.6
Investment AB Öresund	0	814,788	814,788	4.5	3.2
Länsförsäkringar Småbolagsfond	0	533,341	533,341	3.0	2.1
Total for 10 largest shareholders	853,800	12,578,409	13,432,209	74.5	82.2
Other shareholders	0	4,616,091	4,616,091	25.5	17.8
Total	853,800	17,194,500	18,048,300	100	100

Five-Year Summary

Income statement

Consolidated income statements in summary

SEKm	2010	2009	2008	2007	2006
Net turnover	694.6	595.1	548.4	523.2	379.1
Operating expenses	-592.2	-513.8	-466.2	-432.7	-309.3
Depreciation of property, plant, and equipment	-3.4	-3.2	-2.4	-2.2	-2.1
Amortization of intangible assets	-7.0	-8.3	-9.4	-10.1	-5.3
Operating profit	92.0	69.8	70.5	78.2	62.4

Balance sheet

Consolidated balance sheets in summary

SEKm	2010	2009	2008	2007	2006
<i>Assets</i>					
Non-current assets	169.9	185.1	203.6	187.8	203.7
Accounts receivable	167.1	150.6	147.2	116.0	88.7
Other current assets	57.6	32.0	34.9	25.2	25.6
Cash and bank balances	88.4	75.4	65.9	67.5	72.1
Total assets	483.0	443.1	451.5	396.4	390.1
<i>Equity and liabilities</i>					
Equity	280.1	259.6	250.9	198.6	174.7
Non-controlling interests	-	-	-	-	0.5
Interest-bearing liabilities	28.0	52.5	81.9	62.9	80.9
Non-interest-bearing loans	0.3	0.3	0.4	0.1	0.4
Other non-interest-bearing liabilities	174.6	130.7	118.3	134.8	133.6
Total equity and liabilities	483.0	443.1	451.5	396.4	390.1

Cash flow

Consolidated cash flow in summary

SEKm	2010	2009	2008	2007	2006
Cash flow from operating activities	65.1	61.3	37.5	42.8	38.7
Cash flow from investing activities	-4.6	-4.4	-28.5	-12.2	-140.6
Cash flow from financing activities	-44.4	-46.1	-16.0	-32.8	78.6
Cash and cash equivalents, start of year	75.4	65.9	67.5	72.1	101.1
Cash flow for the year	16.1	10.8	-7.0	-2.2	-23.2
Translation differences in cash and cash equivalents	-3.1	-1.3	5.4	-2.4	-5.9
Cash and cash equivalents, end of year	88.4	75.4	65.9	67.5	72.1

Financial ratios for the Group

SEKm	2010	2009	2008	2007	2006
Net turnover	694.6	595.1	548.4	523.2	379.1
Operating profit (EBIT)	92.0	69.8	70.5	78.2	62.4
Operating margin (EBIT margin), %	13.2	11.7	12.8	14.9	16.5
Operating profit before amortization of intangible assets (EBITA)	99.0	78.1	79.8	88.3	67.6
Operating margin before amortization of intangible assets (EBITA margin), %	14.3	13.1	14.6	16.9	17.8
Profit margin, %	8.5	7.4	8.2	9.3	10.2
Earnings per share, SEK	3.3	2.5	2.5	2.7	2.2
Return on equity, %	22.0	17.3	19.9	26.1	23.6
Return on operating capital, %	40.3	27.8	30.6	41.4	52.7
Operating capital	219.7	236.7	266.9	193.9	184.0
Equity	280.1	259.6	250.9	198.6	174.7
Equity per share	15.5	14.4	13.9	11.0	9.7
Equity/assets ratio, %	58.0	58.6	55.6	50.1	44.9
Dividend per share, SEK ¹	1.50 ¹	1.20	1.20	1.20	1.00
Cash flow	16.1	10.8	-7.0	-2.2	-23.2
Cash and cash equivalents	88.4	75.4	65.9	67.5	72.1
Number of employees at year-end	299	252	267	230	186
Average number of employees	276	260	249	211	165
Annual net turnover per employee	2.5	2.3	2.2	2.5	2.3

¹ Proposed dividend.

Definitions

Operating margin

Operating profit after amortization/depreciation as a percentage of net turnover.

Operating margin before amortization of intangible assets (EBITA margin)

Operating profit before amortization of intangible 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

Profit after tax on an annual basis as a percentage of average equity.

Return on operating capital

Operating profit as a percentage of average operating capital.

Operating capital

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

Equity per share

Equity excluding non-controlling interests divided by the number of shares at the end of the year.

Equity/assets ratio

Equity as a percentage of the balance sheet total.

Dividend per share

Dividends proposed or adopted, divided by the number of shares at year-end.

Annual net turnover per employee

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

Price/earnings ratio

Price per share divided by earnings per share.

Management Report

The Board of Directors and CEO of BTS Group AB (publ), corporate identity number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the fiscal year 2010. The consolidated income statement and balance sheet as well as the Parent Company's income statement and balance sheet will be submitted to the Annual General Meeting for adoption.

Operations

BTS Group AB is an international consulting firm active in learning and development. BTS uses customized simulation models to support executive management in executing change and improving profitability using customized simulation models. BTS solutions and services train the entire organization to analyze and make decisions centered on the factors that promote growth and profitability. This enhances the market focus and profit awareness in day-to-day decision-making, which leads to measurable and sustainable profit growth. Most BTS clients are major corporations

Turnover and profit

BTS's net sales grew 17% during the year, to SEK 694.6 million (595.1). Adjusted for changes in exchange rates, revenues increased 21%.

Operating profit before amortization of intangible assets (EBITA) rose 27% during the year, to SEK 99.0 million (78.1). SEK 7.0 million (8.3) was charged to 2010 operating profit for amortization of intangible assets attributable to acquisitions. Operating profit rose 32% in 2010, to SEK 92.0 million (69.8).

The operating margin before amortization of intangible assets (EBITA margin) was 14% (13). The operating margin (EBIT margin) was 13% (12). Consolidated profit before tax for the year increased 32%, to SEK 90.4 million (68.3), meeting the forecasts issued during the year.

Net sales for BTS's operations in North America totaled SEK 345.8 million (307.6) in 2010. Adjusted for changes in exchange rates, revenues increased 19%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 69.4 million (63.8) for 2010. The operating margin before amortization of intangible assets (EBITA margin) was 20% (21).

Net sales for APG reached SEK 141.7 (116.0) in 2010. Adjusted for changes in exchange rates, revenues increased 29%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 4.3 million (4.6) for 2010. The operating margin before amortization of intangible assets (EBITA margin) was 3% (4).

Net sales for Europe totaled SEK 133.7 (123.3) in 2010. Adjusted for changes in exchange rates, revenues increased 14%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 14.0 million (6.7) for 2010. The operating margin before amortization of intangible assets (EBITA margin) was 10% (5).

Net sales for BTS's other markets totaled SEK 73.4 million (48.2) in 2009. Adjusted for changes in exchange rates, revenues increased 43%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 11.3 million (3.0) for 2010. The operating margin before amortization of intangible assets (EBITA margin) was 15% (6).

Financial position

At the end of the period, cash and cash equivalents were SEK 88.4 million (75.4). The Group's interest-bearing loans, attributable to previously completed acquisitions, totaled SEK 27.8 million (52.3) at the end of the period. Equity totaled SEK 280.1 million (259.6) at year-end, and the equity/assets ratio was 58% (59). BTS's cash flow from operating activities for the year was SEK 65.1 million (61.3). The decrease in goodwill resulted primarily from fluctuations in exchange rates.

The Board's proposed guidelines for determining salaries and other compensation to senior executives

The Board of Directors proposes that the 2011 Annual General Meeting not change the guidelines for determining salaries and other compensation to the CEO and other senior executives. For the guidelines decided by the 2010 AGM, see Note 7.

Employees

The number of employees in BTS Group AB at December 31 was 299 (252).

The average number of employees during the year was 276 (260).

Shareholders

The total number of shares outstanding is 18,048,300, consisting of 853,800 Class A and 17,194,500 Class B shares.

Each Class A share entitles the holder to 10 votes per share, each Class B one vote per share. The Company's articles of association contain no restrictions on the transfer of shares. The Company has two shareholders, Henrik Ekelund and Stefan af Petersens, whose holdings each exceeded 10% at year-end 2010. Some employees own shares in the Company, but the employees as a whole have no investment through any pension fund or the like. The Company is not aware of any agreements between shareholders that would restrict the right to transfer shares. Neither is there any agreement to which the Company is a party that would take effect, be changed, or cease to apply if control of the Company changed as a result of a public takeover bid.

Parent Company

The activities of the Parent Company, BTS Group AB, consist exclusively of tasks internal to the Group. The assets of the Parent Company consist primarily of shares in subsidiaries and cash and cash equivalents. The Company's net sales totaled SEK 2.6 million (2.5), and profit after financial items SEK 34.4 million (16.8). Cash and cash equivalents were SEK 0.1 million (0,1).

Outlook for 2011

Profit before tax is expected to be better than the preceding year's.

Market trends

BTS has grown faster than its competitors for many years and the recent economic downturn further clarified BTS competitive advantages. Many of BTS's competitors reported 20%–40% drops in revenues in 2009, while BTS's revenues only fell 3 percent (currency-adjusted). As a result of the advances BTS made in relation to its competitors in 2009, BTS is in a stronger position in the market in 2010.

Today BTS has the market's most complete range of customized simulation models, a well-developed sales organization while it is the only company in the world that can serve major international corporations globally in this area.

The market has shown a positive trend in 2010 and prospects for 2011 are good.

Information about risk and uncertainty

Market risks

Sensitivity to economic conditions

Training is sensitive to economic conditions. Cost-cutting programs and slower growth affect corporate training budgets. Similarly, economic recovery increases willingness to invest in training. Limited dependence on individual customers

BTS's 10 largest customers accounted for 31% of its sales in 2010. By striving for a broad customer base, BTS limits its dependence on individual customers.

No sector dominates

BTS customers are mainly active in nine business sectors: Manufacturing, Telecommunications, Information Technology, Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution, Services, Energy, and Fast-Moving Consumer Goods (FMCG). The global distribution of its customers' operations helps reduce BTS's exposure to fluctuations in specific industries.

Geographical spread

Most of BTS's sales in 2010 were in North America (70%), while Europe represented 19%, and other markets 11%. In recent years, BTS has enhanced its presence in markets in Asia, Australia, South Africa, and China, which in the long run will reduce dependency on North American and European markets.

Fragmented competitive situation

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

Operational risks

Quality and brands

BTS builds its marketing on network-based sales and good customer relationships, which make high demands on the quality of BTS deliveries. BTS minimizes the risk of dissatisfied customers by recruiting and cultivating qualified consultants and by ensuring that all development and all deliveries adhere to established processes. BTS also follows up on quality in every project.

Intellectual property

BTS owns all rights to the business simulations it develops for clients, thus retaining the right to reuse general intellectual property, such as software and adaptations, when developing new simulations. For license-based products and solutions, the client purchases the number of licenses needed for the employees participating; that is, when more employees participate, additional licenses must be purchased from BTS.

Securing human resources

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

Dependence on key personnel

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

Financial risks

Effective and systematic assessments of financial and commercial risks are vital to BTS. The Group's financial policy specifies guidelines and objectives for managing financial risks within the Group. Financing and risk management have been gathered under the

Group finance function. The subsidiaries manage all foreign exchange dealings and credit to clients within the framework of a fixed policy. For details, see Note 2, Significant accounting policies, and Note 20, Financial instruments and financial risk management.

Foreign exchange risks

The currencies with the greatest impact on BTS's earnings are the U.S. dollar (USD), the euro (EUR), and the pound Sterling (GBP). The day-to-day exposure to fluctuations in exchange rates is limited, as revenues and expenses are primarily in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits of changes in the value of USD, EUR, and GBP in relation to the Swedish krona (SEK).

Exchange rate	Percentage change	Change, SEK thousands, full-year 2010
SEK/USD	+/-10%	+/-6,366
SEK/EUR	+/-10%	+/-569
SEK/GBP	+/-10%	+/-1,282

Credit risks

BTS only accepts creditworthy counterparties. BTS's accounts receivable are distributed among a large number of companies operating in different sectors. The maximum credit risk at year-end was SEK 19,511 thousand (20,869), which corresponds to the largest credit exposure to any single group.

Multiple-year review

Performance for the past five fiscal years is presented below.

SEK thousands	2010	2009	2008	2007	2006
Net turnover	694,650	595,062	548,370	523,161	379,097
Operating expenses	-592,285	-513,755	-466,183	-432,693	-309,345
Depreciation of property, plant, and equipment	-3,342	-3,176	-2,369	-2,174	-2,127
Amortization of intangible assets	-6,981	-8,268	-9,356	-10,107	-5,270
Operating profit	92,042	69,863	70,462	78,187	62,355
Operating margin, %	13	12	13	15	16
Number of employees at year-end	299	252	267	230	186
Average number of employees	276	260	249	211	165
Net turnover per employee	2,517	2,289	2,202	2,479	2,298

Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents and a reserve in the form of an approved overdraft facility. BTS may borrow funds only with the approval of the Board of Directors. Any excess liquidity in subsidiaries is initially to be used to repay loans. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in market rates that could adversely affect BTS, either through increased costs of borrowing for the Company or through fluctuations in returns on the funds invested at variable interest rates.

Research and development

The development conducted by BTS during the year centered on customer-specific product development and was therefore expensed directly. No research as defined in IAS 38 has been carried out. For details, see Note 2, Significant accounting policies.

Events after the close of the fiscal year

No material events occurred after the close of the fiscal year up until the Board's signing of the annual report, and so none have affected the preparation of the balance sheets and income statements.

Proposed appropriation of earnings**Parent Company**

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

	SEK
Profit brought forward	27,076,689
Profit for the year	34,464,585
Total	61,541,274

Statement from the Board of Directors on the proposed dividend

The Board of Directors proposes that earnings be appropriated as follows.

	SEK
To be distributed to shareholders: SEK 1.50 per share totaling	27,072,450
To be carried forward	34,468,824
Total	61,541,274

It is proposed that the dividend be paid on May 13, 2011.

The proposed dividend to shareholders will reduce the Parent Company's equity/assets ratio five percentage points, to 74%, and the Group's equity/assets ratio three percentage points, to 55%. The equity/assets ratio is deemed sound, as the Company's operations are running profitably. The Board also considers the Company's cash situation satisfactory.

The Board of Directors is of the opinion that the proposed dividend will not prevent the Company from fulfilling its obligations in the short or long run nor from making the requisite investments. Thus the proposed dividend is justifiable in terms of the provisions of Chapter 17, section 3, paragraphs 2-3 of the Swedish Companies Act (prudence rule).

Regarding the operations of the Group and the Parent Company in other respects, please refer to the following income statements and balance sheets and to the cash flow statements and accompanying notes.

Consolidated Income Statement

SEK thousands	NOTE	2010	2009
Net turnover	10	694,650	595,062
<i>Operating expenses</i>			
Other external expenses	3, 4, 5, 6	-279,889	-235,868
Employee benefit expenses	7	-312,396	-277,887
Depreciation of property, plant, and equipment and amortization of intangible assets	8, 9	-10,323	-11,444
Total operating expenses		-602,608	-525,199
OPERATING PROFIT	10	92,042	69,863
<i>Financial income and expense</i>			
Financial income	11	361	358
Financial expenses		-1,986	-1,922
Total gain/loss on financial income and expense		-1,625	-1,564
PROFIT AFTER FINANCIAL INCOME AND EXPENSE		90,417	68,299
Tax on profit for the year	12	-31,180	-24,009
PROFIT FOR THE YEAR		59,237	44,290
Profit for the year attributable to:			
Parent Company's shareholders		59,237	44,290
Earnings per share (profit for the year attributable to Parent Company shareholders)			
Basic earnings per share, SEK	13	3.28	2.45
No. of shares at year-end		18,048,300	18,048,300
Diluted earnings per share, SEK		3.25	2.45
Proposed dividend per share	14	1.50	1.20

Consolidated Statement of Comprehensive Income

SEK thousands	NOTE	2010	2009
PROFIT FOR THE YEAR		59,237	44,290
<i>Other comprehensive income</i>			
Translation differences in equity	19	-17,298	-14,433
Other comprehensive income for the year, net after tax		-17,298	-14,433
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		41,939	29,857
portion attributable to Parent Company shareholders		41,939	29,857

Consolidated Balance Sheet

SEK thousands	NOTE	12-31-10	12-31-09
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	8	140,167	151,787
Other intangible assets	8	14,196	18,830
<i>Property, plant, and equipment</i>			
Equipment	9	9,742	9,174
<i>Financial assets</i>			
Deferred tax assets	17	3,361	1,656
Other non-current receivables	20	2,408	3,654
Total non-current assets		169,874	185,101
Current assets			
<i>Current receivables</i>			
Accounts receivable	20	167,122	150,552
Tax assets		356	964
Other receivables	20	8,717	7,004
Prepaid expenses and accrued income	18	48,483	24,063
Total current receivables		224,678	182,583
Cash and cash equivalents		88,441	75,412
Total current assets		313,119	257,995
TOTAL ASSETS		482,993	443,096

SEK thousands	NOTE	12-31-09	12-31-09
EQUITY AND LIABILITIES			
Equity	19		
Share capital		6,016	6,016
Other paid-in capital		39,547	39,547
Reserves		-31,646	-14,348
Retained earnings, including profit for the year		266,229	228,408
Total equity		280,146	259,623
Non-current liabilities			
Other liabilities	20	432	481
Current liabilities			
Accounts payable	20	23,324	14,806
Tax liabilities		2,855	-
Other current liabilities	20, 21	40,975	57,583
Accrued expenses and prepaid income	22	135,261	110,603
Total current liabilities		202,415	182,992
TOTAL EQUITY AND LIABILITIES		482,993	443,096
Pledged assets and contingent liabilities	23, 24		

Consolidated Cash Flow Statement

SEK thousands	NOTE	2010	2009
Operating activities			
Operating profit		92,042	69,863
Adjustments for non-cash items			
Depreciation and amortization		10,309	11,475
Other items	16	1,311	-1,322
Interest received	16	361	358
Interest paid	16	-1,986	-1,922
Tax paid for the year		-26,262	-23,738
<i>Cash flow from operating activities before changes in working capital</i>		75,775	54,714
<i>Cash flow from changes in working capital</i>			
Change in accounts receivable		-24,797	-8,028
Change in other operating receivables		-3,750	5,672
Change in accounts payables and other operating liabilities		17,879	8,962
<i>Cash flow from changes in working capital</i>		-10,668	6,606
Cash flow from operating activities		65,107	61,320
Investing activities			
Acquisition of shares, participations, and operations	16	-459	-927
Acquisition of property, plant, and equipment	9	-4,117	-3,504
Cash flow from investing activities		-4,576	-4,431
Financing activities			
Change in bank overdraft facility	16, 21	-22,719	-24,225
Change in deposits		-	-171
Dividends to shareholders		-21,658	-21,658
Cash flow from financing activities		-44,377	-46,054
Cash flow for the year		16,154	10,835
Cash and cash equivalents, start of year		75,412	65,887
Exchange rate differences in cash and cash equivalents		-3,125	-1,310
Cash and cash equivalents, end of year	16	88,441	75,412

Parent Company's Income Statement

SEK thousands	NOTE	2010	2009
Net turnover	3	2,630	2,502
<i>Operating expenses</i>			
Other external expenses	3, 4, 6	-1,264	-1,203
Employee benefit expenses	7	-697	-799
Total operating expenses		-1,961	-2,002
OPERATING PROFIT		669	500
<i>Financial income and expense</i>			
	11		
Gains/losses on other securities and receivables held as non-current assets		34,857	17,863
Interest income and similar profit/loss items		5	2
Interest expenses and similar profit/loss items		-1,154	-1,598
Total gain/loss on financial income and expense		33,708	16,267
PROFIT AFTER FINANCIAL INCOME AND EXPENSE		34,377	16,767
Tax on profit for the year	12	88	-138
PROFIT FOR THE YEAR		34,465	16,629

Parent Company's statement of comprehensive income

KSEK	NOTE	2010	2009
PROFIT FOR THE YEAR		34,465	16,629
Group contributions		1,000	1,000
TOTAL COMPREHENSIVE INCOME		35,465	17,629
Portion attributable to Parent Company shareholders		35,465	17,629

Parent Company's Balance Sheet

SEK thousands	NOTE	12-31-10	12-31-09
ASSETS			
Non-current assets			
<i>Financial assets</i>			
	15		
Participations in Group companies		105,968	110,914
Receivables from Group companies		24,847	41,111
Total non-current assets		130,815	152,025
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		5,538	2,032
Tax assets		–	283
Other receivables		6	6
Prepaid expenses and accrued income	18	114	114
Total current receivables		5,658	2,435
Cash and cash equivalents		118	129
Total current assets		5,776	2,564
TOTAL ASSETS		136,591	154,589

SEK thousands	NOTE	12-31-10	12-31-09
EQUITY AND LIABILITIES			
Equity	19		
<i>Restricted equity</i>			
Share capital		6,016	6,016
Statutory reserve		40,726	40,726
Total restricted equity		46,742	46,742
<i>Non-restricted equity</i>			
Retained earnings		27,076	32,128
Profit for the year		34,465	16,629
Total non-restricted equity		61,541	48,757
Total equity		108,283	95,499
Current liabilities			
Accounts payable		233	144
Liabilities to Group companies		–	7,907
Tax liabilities		18	–
Other current liabilities	21	27,620	50,515
Accrued expenses and prepaid income	22	437	524
Total current liabilities		28,308	59,090
TOTAL EQUITY AND LIABILITIES		136,591	154,589
Pledged assets and contingent liabilities	23, 24		

Parent Company's Cash Flow Statement

SEK thousands	NOTE	2010	2009
Operating activities			
Operating profit		669	500
Financial income and expense	16	-626	25
Tax paid for the year		-175	-401
<i>Cash flow from operating activities before changes in working capital</i>		-132	124
<i>Cash flow from changes in working capital</i>			
Change in operating receivables		-3,202	-1,083
Change in accounts payables and other operating liabilities		4,182	1,572
<i>Cash flow from changes in working capital</i>		980	489
Cash flow from operating activities		848	613
Investing activities			
Dividends received from subsidiaries		42,519	18,934
Acquisition of shares and participations	15, 16	-	-927
Cash flow from investing activities		42,519	18,007
Financing activities			
Shareholders' contributions paid	15	-	-2,692
Group contributions		1,000	1,000
Changes in loans		-22,720	4,856
Dividends to shareholders		-21,658	-21,658
Cash flow from financing activities		-43,378	-18,494
Cash flow for the year		-11	126
Cash and cash equivalents, start of year		129	3
Cash and cash equivalents, end of year	16	118	129

Changes in Consolidated Equity

SEK thousands	Share capital	Other paid-in capital	Reserves	Retained earnings	Total equity
Opening balance at January 1, 2009	6,016	39,547	85	205,260	250,908
<i>Comprehensive income</i>					
Profit for the year				44,290	44,290
Other comprehensive income					
Translation differences			-14,433		-14,433
<i>Total comprehensive income</i>	<i>0</i>	<i>0</i>	<i>-14,433</i>	<i>44,290</i>	<i>29,857</i>
<i>Transactions with shareholders</i>					
Share-based payments as per IFRS 2				516	516
Dividends to shareholders				-21,658	-21,658
<i>Total transactions with shareholders</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-21,142</i>	<i>-21,142</i>
Closing balance at December 31, 2009	6,016	39,547	-14,348	228,408	259,623
Opening balance at January 1, 2010	6,016	39,547	-14,348	228,408	259,623
<i>Comprehensive income</i>					
Profit for the year				59,237	59,237
Other comprehensive income					
Translation differences			-17,298		-17,298
<i>Total comprehensive income</i>	<i>0</i>	<i>0</i>	<i>-17,298</i>	<i>59,237</i>	<i>41,939</i>
<i>Transactions with shareholders</i>					
Share-based payments as per IFRS 2				242	242
Dividends to shareholders				-21,658	-21,658
<i>Total transactions with shareholders</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-21,416</i>	<i>-21,416</i>
Closing balance at December 31, 2010	6,016	39,547	-31,646	266,229	280,146

Also see Note 19 Equity.

Changes in Parent Company Equity

SEK thousands	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
Opening balance at January 1, 2009	6,016	40,726	43,259	10,306	100,307
<i>Appropriation of earnings according to AGM</i>					
Transfer to retained earnings			10,306	-10,306	0
Dividends to shareholders			-21,658		-21,658
Share-based payments as per IFRS 2			-516		-516
Group contributions			1,000		1,000
Tax effect of Group contributions			-263		-263
Profit for the year				16,629	16,629
Closing balance at December 31, 2009	6,016	40,726	32,128	16,629	95,499
Opening balance at January 1, 2010	6,016	40,726	32,128	16,629	95,499
<i>Appropriation of earnings according to AGM</i>					
Transfer to retained earnings			16,629	-16,629	0
Dividends to shareholders			-21,659		-21,659
Share-based payments as per IFRS 2			-759		-759
Group contributions			1,000		1,000
Tax effect of Group contributions			-263		-263
Profit for the year				34,465	34,465
Closing balance at December 31, 2010	6,016	40,726	27,076	34,465	108,283

Also see Note 19 Equity.

Notes to the Annual Report

NOTE 1 – General information

The Parent Company is a public limited liability company registered and headquartered in Stockholm, Sweden, at Grevgatan 34. The Parent Company is listed on NASDAQ OMX Stockholm. BTS uses customized simulation models to support executive management in executing change and improving profitability using customized simulation models. BTS solutions and services train the entire organization to analyze and make decisions centered on the factors that promote growth and profitability. This enhances the market focus and profit awareness in day-to-day decision-making, which leads to measurable and sustainable profit growth. Most BTS clients are major corporations.

The annual report and consolidated financial statements were approved by the Board of Directors on April 6, 2011.

NOTE 2 – Significant accounting policies

Amounts are stated in SEK thousands unless otherwise indicated.

BTS prepares its consolidated financial statements in compliance with the Annual Accounts Act (ÅRL), the Swedish Financial Reporting Board's recommendation RFR 1.2 and 1.3. Supplementary Accounting Regulations for Groups, and the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union. Unless otherwise stated, these principles were also applied for the multiple-year reviews presented.

The Parent Company has followed the provisions of the ÅRL and RFR 2, Accounting for Legal Entities. The Parent Company's shareholdings in subsidiaries are reported using the cost method.

The Group's accounting policies were applied consistently in reporting and consolidating the Parent Company and subsidiaries.

New and amended IFRS applied by the Group from January 1, 2010

- IAS 1 (amendment) – Presentation of Financial Statements. The amendment is part of IASB's annual improvements project published in April 2009. The amendment clarifies that the potential settlement of a liability through the issue of shares is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment allows a liability to be classified as non-current (provided that the company has an unconditional right to postpone the settlement by a transfer of cash funds or other assets for at least 12 months after the fiscal year-end) although the counterparty at any time can demand settlement in shares. The standard currently has no material impact on the Group's financial statements.
- IFRS 3 (revision) – Business Combinations. The revision to this standard applied to fiscal years that began on or after July 1, 2009. The revised standard prescribes that the acquisition method be applied for business combinations but with a few significant changes. One consequence of this is that all payments for acquisitions be recognized at fair value on the acquisition date, while subsequent additional contingent consideration shall be classified as a liability and remeasured through profit or loss. Also, all transaction costs referring to acquisitions shall be expensed. The Group applies the standard starting with the fiscal year beginning January 1, 2010. The revisions apply prospectively for acquisitions after the date that the revision takes effect and thus will impact accounting for future acquisitions but will not have any impact on acquisitions made previously.

- IAS 38 (amendment) – Intangible Assets. The amendment is part of IASB's annual improvements project published in April 2009, and the Group will apply IAS 38 (amendment) starting at the same time as IFRS 3 (revision). This amendment provides clarification for the fair value measurement of an intangible asset acquired in a business combination. According to this amendment, intangible assets may be grouped and treated as one asset if the assets have a similar useful life. This amendment will not have any material impact on the Group's financial statements.

- IAS 27 (amendment) – Consolidated and Separate Financial Statements. This amendment took effect July 1, 2009. The revised standard requires that the effects of all transactions with investors without control be recognized in equity unless the transactions result in some change in the control and these transactions no longer result in goodwill or gains or losses. The standard also specifies that when a parent company loses control, any residual holding shall be remeasured to fair value and a gain or loss recognized in profit or loss. The Group will apply IAS 27 (amendment) prospectively for transactions with investors without control when they occur. No such transactions occurred in 2010.

- IAS 36 (amendment), "Impairment" applies to fiscal years beginning on or after January 1, 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 "Operating Segments" (i.e. before the aggregation of segments with similar economic characteristics).

- IFRS 2 (amendment). "Group cash-settled and share-based payment transactions", applies to fiscal years beginning on or after January 1, 2010. The amendment implies that IFRS 8 "Scope of IFRS 2", and IFRS 11, "IFRS 2 – Group and treasury share transactions" including group internal will be incorporated in the standard. The previous guidance in IFRS 11 is also supplemented with information about classification of intragroup transactions not covered by the interpretation

Information about IFRS, amendments, and interpretations of existing standards not yet in effect

When the consolidated financial statements of December 31, 2010, were prepared, several standards and interpretations had been published that are mandatory for the Group's accounts and take effect on or after January 1, 2011.

The Group did not apply any standards in advance when preparing the consolidated financial statements for December 31, 2010.

Standards not yet in effect that could influence BTS's financial reporting upon implementation:

- IAS 24 (Revised) Related Party Disclosures, issued in November 2009 and replacing IAS 24 Related Party Disclosures, issued in 2003. IAS 24 (Revised) will be applied to fiscal years beginning on or after January 1, 2011. Early application of all or part of the standard is permissible. The Group will apply the revised standard from January 1, 2011. When the revised standard is applied, the Group will be required to provide disclosure regarding transactions between Group companies and the Group's associated companies. Since the Group is currently implementing a system to compile all the necessary information, it is not possible at present to provide information concerning the implications of the revised standard for related party disclosures.

• IFRS 9 Financial Instruments (published November 2009). This standard is the first step in the process of replacing IAS 39. IFRS 9 introduces two new requirements relating to the recognition and measurement of financial assets that will probably impact the Group's recognition of financial assets.

An assessment of other standards and interpretations has so far not found any impact on accounting or any need for further information.

Consolidated financial statements

The consolidated financial statements include the final accounts for all subsidiaries. A subsidiary is a company in which the Parent Company directly or indirectly holds shares that represent more than 50% of the votes or otherwise exercises control. All subsidiaries are wholly owned. Subsidiaries are included in the consolidated financial statements effective the date that control is transferred to the Group.

The Group's final accounts are prepared using the acquisition method, by which each subsidiary's equity at the time of its acquisition, defined as the difference between the fair value of assets and liabilities, is eliminated in full. Thus consolidated equity contains only that part of subsidiaries' equity that was earned after the acquisition. The surplus corresponding to the difference between the acquisition cost and the fair value of the Group's share of identifiable acquired assets, liabilities, and contingent liabilities is reported as goodwill.

All intercompany transactions and balance sheet items have been eliminated.

Subsidiaries are run with a high degree of independence, and transactions with the Parent Company account for only a small part of their business. The profits, or losses, and financial positions of all Group companies that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows.

- Assets and liabilities for each of the balance sheets are translated at the closing rate.
- Income and expenses for each of the income statements are translated at the average rate.
- Any resulting exchange rate differences are recognized as a separate component in equity.

When a subsidiary is acquired, additional consideration may be paid. The anticipated additional consideration is determined by assessing whether or not the conditions for payment will be satisfied.

Exchange rates for currencies relevant to the Group

	2010 average	December 31, 2010	2009 average	December 31, 2009
USD	7.21	6.80	7.65	7.21
GBP	11.13	10.55	11.93	11.49
EUR	9.55	9.00	10.62	10.35
ZAR	0.98	1.03	0.91	0.97
AUD	6.61	6.92	6.01	6.43
CHF	6.91	7.24	7.03	6.95

Other currencies have not had a material effect on the consolidated balance sheets or income statements.

Income/Assignments in progress

Income is recognized on delivery of services to clients based on agreements signed. Sales are recognized net of value-added tax and of any resulting exchange rate differences on sales denominated in a foreign currency.

Income from completed customization/development assignments and the expenses attributable to these assignments are recognized as income and expenses, respectively, in proportion to the degree of completion of the

assignment at end of the reporting period (percentage of completion method). The degree of completion of an assignment is determined by comparing the expenses paid up to the end of the reporting period with the estimated total expenses. If the outcome of a service assignment cannot be reliably calculated, the income from that assignment is recognized only to the extent corresponding to the assignment expenses incurred that are likely to be covered by the client. Anticipated losses on assignments are recognized directly as expenses.

Research and development

Expenditure for customer-specific product development is expensed directly. Expenditure related to development projects (attributable to the development and testing of new or improved products) is capitalized as an intangible asset to the extent such expenditure can be expected to generate future economic benefits. The Company has not conducted any research or development as defined by IAS 38. The development normally conducted by BTS is customer-specific product development.

Employee benefits

Pensions

The Group has different pension plans in different countries. All are defined-contribution plans, and the assets are managed by external parties. The Company pays fixed fees and has thereby fulfilled its obligations. The costs are charged to consolidated earnings as pension rights are vested.

Share-based payment

BTS Group AB issued employee stock options to the Group's employees in 2009. The plan enables employees to acquire stock in the Company. The fair value of the allocated stock options is recognized as an employee benefit expense with a corresponding increase in equity. The fair value is calculated at the time of allocation and is distributed over the vesting period. The fair value of the allocated stock options is calculated using the Black and Scholes model and taking into consideration the conditions prevailing at the time of allocation. The cost recognized corresponds to the fair value of the estimated number of stock options and shares expected to be vested. Social security contributions attributable to share-based payments to employees as compensation for purchased services are expensed and distributed over the periods during which the services are performed. Provisions for social security contributions are based on the stock options' fair value at the time of the report. The fair value is calculated using the same valuation model and parameter values used when the stock options were issued.

Provisions

A provision is recognized when the Company has a legal or other obligation that it deems will need to be settled, the amount of which can be estimated reliably, and settlement is likely to require resources. Provisions are measured at the present value of what is judged to be required to settle the obligation. The calculation applies a pretax discount rate that reflects current market assessments of the time value of money and the risks associated with the obligation.

Borrowing

Borrowing expenses are charged to earnings for the period to which they refer, except if the funds were borrowed to acquire an asset, in which case borrowing expenses are included in the asset's acquisition cost.

Borrowings are recognized initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortized cost as per the effective interest method. Non-current liabilities are liabilities with an anticipated duration longer than 12 months. All others are current liabilities.

Income taxes

Income taxes recognized comprise taxes for the current year that are to be paid or received as well as changes in deferred tax. All tax liabilities and claims are measured at their nominal amounts according to the tax rules and tax rates that have been decided or announced and that most probably will be adopted. Tax effects associated with items recognized in the income statement are also recognized in the income statement. Tax effects associated with items recognized in equity are also recognized in 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.

According to the balance sheet method, deferred tax is calculated on all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax assets relating to loss carryforwards or other future tax-effective deductions are recognized to the extent that it is likely they can be used to offset profits for future taxation.

Segment reporting

The Group's risks and opportunities are affected by its being active in different countries. BTS's operations are managed and reported by geographic market. BTS's operating segments consist of the operating units BTS North America, BTS Europe, and BTS Other Markets. Operations are managed and reported within the Group based on these segments. Each subsidiary's share of consolidated turnover is used as a weight for allocating Group-wide overhead.

Leases and rental agreements

When a lease entitles the Company as lessee to all financial benefits and risks attributable to the leased asset, the asset is recognized as a non-current asset in the balance sheet. The corresponding obligation to pay lease charges in the future is recognized as a liability. Assets are depreciated at a rate corresponding to their expected useful life.

A lease in which a significant portion of the risks and benefits associated with ownership are retained by the lessor is classified as an operating lease. Payments made during the term of the lease are expensed in the income statement on a straight-line basis over the period of the lease.

Property, plant, and equipment

Property, plant, and equipment are recognized at acquisition cost less accumulated depreciation and impairment losses, if any. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Planned depreciation is charged on a straight-line basis based on the acquisition cost and the estimated useful life. The following depreciation periods apply for existing assets.

- Equipment and installations, 3–6 years.

The residual value and useful life of the assets are tested annually and adjusted as necessary.

Intangible assets

Goodwill

Goodwill consists of the amount by which the acquisition cost of the Group's share of an acquired subsidiary's identifiable net assets at the time of the acquisition exceeds those assets' fair value. The acquisition cost of a subsidiary includes additional contingent consideration only after it is deemed probable that the contingencies will occur. Goodwill is tested annually for impairment and is recognized at acquisition cost less accumulated impairment losses. Gains or losses on the divestment of a unit include the residual carrying amount of the goodwill related to the divested unit.

Products, technology, and software

Acquired products, technology, and software have a limited useful life and are recognized at acquisition cost less accumulated amortization and any

impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (2–9 years).

Franchise contracts

Acquired franchise contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated period of use (10 years).

Customer contracts

Acquired customer contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (2–15 years).

Brands

Acquired brands with an indefinite useful life are recognized at acquisition cost less accumulated impairment losses as required. Impairment tests are performed annually or more frequently if impairment is indicated.

Acquired brands with a limited useful life are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (10 years).

Impairment

When there are indications that the carrying amount of any property, plant, equipment, intangible asset, or financial asset exceeds its recoverable amount, an impairment test is performed. The recoverable amount is the higher of an asset's net realizable value and value in use. If it cannot be determined for an individual asset, the recoverable amount of the smallest cash-generating unit to which the asset belongs is calculated.

Each year the Group performs impairment tests on goodwill or brands as follows.

The recoverable amounts are based on value in use, calculated as the present value of future growth and earnings forecasts during multiple years, taking into account extrapolated cash flows beyond this multiyear period. Impairment tests are performed initially on the acquired cash-generating unit alone. If it transpires that the amount recognized exceeds the value in use of the unit, the test is performed on the segments to which goodwill has been allocated.

Critical estimates and judgments

To prepare the financial statements in accordance with IFRS, executive management must make judgments, estimates, and assumptions that affect the application of the accounting policies and the amounts recognized as assets, liabilities, income, and expenses. The estimates and assumptions are based on historical experience and various other factors that appear reasonable in the prevailing circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities that would not be evident from other sources. Actual outcomes may deviate from these estimates and judgments. Estimates and judgments are periodically reviewed. Changes in estimates are recognized in the period in which the change is made if the change affected only that period.

Impairment tests on goodwill and intangible assets with indefinite useful life

Each year the Group performs impairment tests on goodwill and intangible assets with indefinite useful life in accordance with the principle described above. Recoverable amounts for cash-generating units have been determined by calculating the value in use. Certain estimates must be made for these calculations; please see Note 8.

Determination of additional consideration

To determine anticipated additional consideration, the Group makes realistic estimates of future growth and forecasts earnings for multiple years, separately for each subsidiary acquired.

Financial instruments

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

The Group classifies and measures financial instruments in the following categories.

Loan and accounts receivable

Refers to non-derivative financial assets that are not listed on an active market but have payments that can be determined. These items are included in current assets unless due more than 12 months after the end of the reporting period, in which case they are recognized as non-current assets. BTS's loan and trade receivables are recognized at amortized cost using the effective interest method, less any provisions for impairment. The effective interest method distributes interest income and expenses over the relevant period. The effective interest is the interest rate that exactly discounts the estimated future receipts and disbursements to the financial asset's or liability's net carrying amount. Current receivables such as accounts receivable are deemed reasonably approximate to their fair value, so they are not discounted to present value.

A provision is made for impairment of an account receivable when objective evidence indicates that BTS will not be able to secure payment of the entire amount due as per the original terms of the receivable. Significant financial difficulties of a debtor or the probability of the debtor declaring bankruptcy or undergoing a financial reconstruction are regarded as indications of the possible impairment of an account receivable. The size of the provision is based on the difference between the carrying amount of the asset and the estimated future cash flows. Provisions are made for doubtful accounts receivable after tests in each individual case.

Cash and cash equivalents

Cash and cash equivalents are cash and demand deposits at banks and similar institutions, plus current liquid investments with a duration less than three months from the date of acquisition.

Financial liabilities

Financial liabilities held during the year are measured at amortized cost using the effective interest method. Current liabilities such as trade payables are deemed reasonably approximate to their fair value, so they are not discounted to present value.

Transactions in foreign currencies

Items in the financial statements for each Group company are measured in the currency used where that subsidiary conducts its main business activities (functional currency). Swedish krona (SEK), the Parent Company's functional currency and presentation currency, is used in the consolidated accounts.

Receivables and liabilities denominated in foreign currency are measured at the exchange rate at the end of the reporting period, and any resulting differences are recognized in profit or loss. Exchange rate differences on operating receivables and liabilities are recognized in operating profit, while exchange rate differences attributable to financial assets and liabilities are recognized as financial income and expense.

Cash flow statement

The cash flow statement is prepared using the indirect method. The disclosed cash flow includes only transactions that result in outgoing or incoming payments. Cash flow from operating activities, investing activities, and financing activities are presented separately.

The category of cash and cash equivalents includes, apart from cash and bank balances, current financial investments that are exposed to an insignificant risk of fluctuation in value and are traded in an open market at known amounts, or that have a duration less than three months from the end of the reporting period.

NOTE 3 – Transactions with related parties

Group

Purchases and sales between Group companies

Market terms and conditions apply to the supply of services between subsidiaries. There have been no other transactions with related parties.

Parent Company

Of the Parent Company's total purchasing expenses and sales income, 0% (0) of purchases and 100% (100) percent of sales refer to other Group companies.

NOTE 4 – Information about auditors' fees

Fees and remuneration

	Group		Parent Company	
SEK thousands	2010	2009	2010	2009
<i>Öhrlings PricewaterhouseCoopers</i>				
Audit assignments	509	575	301	225
Other assignments	–	–	–	–
<i>Other auditors</i>				
Audit assignments	647	552	–	–
Other assignments	57	93	–	–
	1,212	1,220	301	225

NOTE 5 – Leases and rental agreements

Group

The Group has no financial leases. Expenses for operating leases totaled 19,160 (21,210) for the year. Future leasing and rental fees for operating leases expiring more than one year hence are as follows.

	SEK thousands
2011	13,859
2012	11,387
2013	7,221
2014	4,245
2015	4,146
Later	3,444
Total	44,303

NOTE 6 – Exchange rate differences in operating profit

SEK thousands	Group		Parent Company	
	2010	2009	2010	2009
Impact of exchange rate differences on operating profit	49	1,616	580	75

NOTE 7 – Average number of employees, salaries, other compensation, social security contributions, etc.

Average number of employees

Group	2010		2009	
	Number of employees	Of which men	Number of employees	Of which men
<i>Subsidiaries</i>				
Sweden	35	22	30	17
Finland	5	4	13	11
Norway	–	–	1	1
Belgium	4	2	6	3
Switzerland	2	1	2	1
Spain	19	11	18	10
United Kingdom	19	12	17	12
The Netherlands	1	1	–	–
United States	146	88	134	84
Australia	16	14	16	14
Mexico	6	4	5	4
Singapore	4	3	3	3
South Africa	14	7	13	7
Taiwan	1	1	1	1
China	2	1	–	–
Thailand	2	1	1	–
Total for the Group	276	172	260	168

Distribution of senior executives by sex

	2010		2009	
	Women	Men	Women	Men
CEO and other senior executives (excl. the Board)	0	3	0	3
Board	1	4	1	4

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

Parent Company

The Parent Company had no employees in 2010.

Salaries, other compensation, and social security contributions

Group	2010		2009	
	SEK thousands	Salaries and compensation	Salaries and compensation	Social security contributions of which pension expenses
Subsidiaries	264,942	30,528	246,736	29,572
		9,022		8,197

Pension expenses for employees who are president of or a member of the board of a Group company totaled 2,149 (1,632). All pension plans are defined-contribution plans.

Board fees

Parent Company

The CEO is a member of the Board but receives no Board fee. Other members of the Board in the Parent Company have received compensation only in the form of Board fees.

SEK thousands		2010	2009
Michael Grindfors	Chairman of the Board	275	183
Mariana Burenstam Linder	Member	125	125
Stefan Gardefjord	Member	170*	125
Dag Sehlin	Member	170*	175
Total		740	608

*) of which committee fee 45 (0)

For the CEO, see the figures for compensation to senior executives below.

Salaries and other compensation by country and divided between Board members and others

Group	2010		2009	
	Board and CEO	Other employees	Board and CEO	Other employees
<i>In Sweden</i>				
Parent Company	740	–	608	–
Subsidiaries	3,302	19,989	2,780	21,443
Total Sweden	4,042	19,989	3,388	21,443
<i>Outside Sweden</i>				
United States	10,827	172,414	10,685	152,312
Europe	11,201	23,054	10,256	27,055
Other	4,026	19,390	2,545	19,052
Total outside Sweden	26,054	214,857	23,486	198,419
Total for the Group	30,096	234,846	26,874	219,862

Terms of employment and compensation for senior executives

Guidelines for compensation and other terms of employment for senior executives

The Company shall employ persons under conditions and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's objectives. When employing persons outside Sweden, the Company shall comply with each country's generally accepted terms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 30% of the fixed basic salary. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs. Only the CEO in the Parent Company is entitled to a severance package, corresponding to 12 months' salary if the Company terminates his employment contract.

The Board is entitled to deviate from the above policies in individual cases under special circumstances. The Board intends to propose to the AGM that the policies remain unchanged in 2011.

Compensation and benefits

"Other senior executives" refers to the two (two in 2009) people who, with the CEO, constitute the Group management team. The sum includes basic salary, other benefits, variable compensation, and pension expenses.

Other benefits consist exclusively of company cars. The sum total of compensation paid to senior executives was 16,391 (14,566), of which pension expenses were 1,390 (1,321). All pension plans are defined-contribution plans.

The CEO Henrik Ekelund was paid salary and other benefits totaling 4,352 (3,320), including 1,398 (586) in variable compensation. Variable compensation is calculated using a model that triggers payment when Group earnings exceed predefined profitability targets. The CEO has a defined-contribution pension entitlement equal to 25% (25) of his fixed salary, paid in the form of pension insurance entitling the CEO to a pension from the age of 65.

The CEO's employment contract states a mutual period of notice of six months. In addition, if the Company terminates the CEO's employment contract, the CEO is entitled to a severance package corresponding to 12 months' salary. None of the other senior executives is entitled to a severance package.

Other senior executives have been paid salaries and other benefits totaling 10,648 (9,925), of which variable remuneration was 6,301 (5,628). Variable compensation is based on targets achieved by the Company and the individual. Provisions to pensions are made individually at 13%–20% of the fixed salary and paid in the form of pension insurance entitling the executive to a pension from the age of 65.

Share-based payment

The 2009/2013 employee stock option plans

The 2009 Annual General Meeting voted on the 2009/2013 employee stock option plan.

A maximum of 50,000 employee stock options per person may be allocated to senior executives, and a maximum of 25,000 per person to other employees. No more than 150 people in all may be allocated employee stock options. No options shall be allocated to Board members elected by the AGM who are not employees of the Company or any other Group company or to the CEO of the Parent Company. To be allocated 2009 employee stock options, an employee must waive all rights to options allocated in the 2006/2010 program, which are thus forfeited in full.

The 2009/2013 employee stock option plan is as extensive overall as the 2006/2010 plan and comprises a maximum of 840,000 employee stock options, entitling employees in the United States 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 an employee entitles the holder to acquire one Class B share in BTS at an exercise price of SEK 37.70. Each employee stock option is valid for four years. The options have vesting conditions, such that a portion can be exercised each of the three years following allocation. Normally one-third of the total number allocated vests each year, provided that certain financial goals set by the Company's Board have been attained. For all employee stock options in any particular year to be exercisable, the Company's Board has determined that the operating margin before amortization of intangible assets (EBITA margin) must be no less than 14% in that year. If the EBITA margin falls short of 14%, fewer options can be exercised. If the EBITA margin falls short of 10%, none can be exercised. Employee stock options that cannot be exercised are forfeited.

Holders must be employed by the Company when they exercise their stock options, which can be done after the options have been vested, from September 1, 2010, through June 30, 2013, inclusive.

Changes in the number of options on issue and their average exercise price are as follows.

	2010		2009	
	Average exercise price per share, SEK	Options (thousands)	Average exercise price per share, SEK	Options (thousands)
At January 1	37.70	779	–	–
Allocated	–	–	37.70	840
Forfeited	37.70	–42	37.70	–61
At December 31	37.70	737	37.70	779

The value of the employee stock options was calculated using the Black and Scholes model based on the share price and other market conditions at August 31, 2009, without taking into account vesting limitations. Considering the performance conditions and assuming annual staff turnover of 5%, the accounting charge was estimated at a total of SEK 1.6 million, which is being expensed in annual installments over the vesting period as per IFRS 2. The expense for the fiscal year was 759 (405). Other important parameters in the model include the volume-weighted share price paid on the 10 trading days preceding allocation (SEK 29.00), the exercise price stated above, volatility of 33%, the anticipated dividend of SEK 1.20, and risk-free interest rates of 1.28%, 1.56%, and 1.85% for maturities of 2.5, 3.0, and 3.5 years, respectively.

Social security contributions will be recognized as expenses during the vesting period. During the vesting period, provisions for social security contributions will be accumulated as necessary. The amounts for these provisions and thus the expense recognized will be remeasured continuously based on changes in the value of the employee stock options. The employee stock options allocated to U.S. employees may be incentive stock options (ISOs), so that under current legislation they will not be subject to social security contributions.

To be able to carry out the employee stock option plan in a cost-effective and flexible manner and to cover future expenses (mainly social security contributions), the AGM of April 29, 2009, also approved a private placement of warrants with the wholly owned Swedish subsidiary BTS Sverige AB, corp. id. no. 556566-7127. These warrants entitle BTS Sverige AB to subscribe for a maximum of 943,500 Class B shares, with the company having the right and obligation to transfer or in some other way dispose of the warrants in order to secure the obligations of the Company or of another company employing people in the employee stock option plan to cover any resulting future expenses.

Assuming that all warrants as above are exercised to subscribe for new shares, the Company's share capital will increase 314,500, resulting in dilution of no more than approximately 5% of the share capital and no more than approximately 4% of the number of votes for all shares.

NOTE 8 – Intangible assets

Group

Goodwill

SEK thousands	12-31-10	12-31-09
Accumulated acquisition cost, opening balance	151,787	161,216
Purchases	–	927
Impairments	–3,726	–
Translation difference	–7,894	–10,356
Accumulated acquisition cost, closing balance	140,167	151,787
Carrying amount, closing balance	140,167	151,787

Other intangible assets

SEK thousands	12-31-10	12-31-09
Franchise contracts		
Accumulated acquisition cost, opening balance	8,917	9,585
Purchases	–	–
Translation difference	–507	–668
Accumulated acquisition cost, closing balance	8,410	8,917
Accumulated amortization, opening balance	1,945	1,451
Amortization for the year	595	595
Translation difference	–146	–101
Accumulated amortization, closing balance	2,394	1,945
Carrying amount, closing balance	6,016	6,972

SEK thousands	12-31-10	12-31-09
Products, technology, and software		
Accumulated acquisition cost, opening balance	31,365	33,684
Purchases	–	–
Translation difference	–1,897	–2,319
Accumulated acquisition cost, closing balance	29,468	31,365
Accumulated amortization, opening balance	29,922	25,541
Amortization for the year	1,541	6,133
Translation difference	–1,995	–1,752
Accumulated amortization, closing balance	29,468	29,922
Carrying amount, closing balance	0	1,443

SEK thousands	12-31-10	12-31-09
Customer contracts		
Accumulated acquisition cost, opening balance	4,300	4,614
Translation difference	–712	–314
Accumulated acquisition cost, closing balance	3,588	4,300
Accumulated amortization, opening balance	1,702	1,484
Amortization for the year	361	314
Translation difference	–564	–96
Accumulated amortization, closing balance	1,499	1,702
Carrying amount, closing balance	2,089	2,598

SEK thousands	12-31-10	12-31-09
Brands		
Accumulated acquisition cost, opening balance	10,297	11,056
Translation difference	–1,108	–759
Accumulated acquisition cost, closing balance	9,189	10,297
Accumulated amortization, opening balance	2,480	1,851
Amortization for the year	758	758
Translation difference	–140	–129
Accumulated amortization, closing balance	3,098	2,480
Carrying amount, closing balance	6,091	7,817
Total closing balance, carrying amount of other intangible assets	14,196	18,830

Impairment tests

Goodwill and other intangible assets are allocated among the cash-generating units expected to benefit from the synergies of business acquisitions. The recoverable amounts are based on the value in use, calculated as the present value of future growth and earnings forecast for four years, and on cash flows extrapolated beyond that four-year period. Impairment tests are performed initially on the acquired cash-generating unit alone. If it transpires that the amount recognized exceeds the value in use of the unit, the test is performed on the primary segments to which goodwill has been allocated.

Material assumptions used to calculate values in use:

- 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 determined based on previous performance and expectations of future market trends. To extrapolate cash flows beyond the budget period, a growth rate of 3%–5% was assumed, which is judged to be a conservative estimate. Also, an average discount rate in local currency after tax was used for the calculations. On the whole, the discount rate used is in the interval 8.4%–9.8%.

Following impairment tests and sensitivity analyses, no impairment was indicated at December 31, 2010.

A sensitivity analysis was performed for each cash-generating unit, the results of which are given below.

- If the estimated operating margin was 10% less than the basic assumption, the overall recoverable amount would decrease 11%.
- If the estimated growth rate for extrapolating cash flows beyond the budget period was 10% less than the basic assumption of 3%–5%, the overall recoverable amount would decrease 5%.
- If the estimated weighted cost of capital used for the discounted cash flows for the Group was 10% more than the basic assumption of 9.4%–11.1%, the overall recoverable amount would decrease 15%.

These calculations are hypothetical and should not be seen as any indication that these factors are more or less likely to change. The sensitivity analyses should therefore be interpreted with caution. None of the hypothetical cases above would indicate impairment of any individual cash-generating unit.

Distribution of goodwill and other intangible assets by segment Group

SEK thousands 12-31-10	North America	Europe	Other markets	Total
Goodwill	130,017	6,912	3,238	140,167
Franchise contracts	6,016	–	–	6,016
Products, technology, and software	0	–	–	0
Customer contracts	2,089	–	–	2,089
Brands	6,091	–	–	6,091
Total	144,213	6,912	3,238	154,363

SEK thousands 12-31-09	North America	Europe	Other markets	Total
Goodwill	137,853	10,696	3,238	151,787
Franchise contracts	6,972	–	–	6,972
Products, technology, and software	1,443	–	–	1,443
Customer contracts	2,598	–	–	2,598
Brands	7,195	622	–	7,817
Total	156,061	11,318	3,238	170,617

NOTE 9 – Property, plant, and equipment

Group Equipment

SEK thousands	12-31-10	12-31-09
Accumulated acquisition cost, opening balance	26,258	23,352
Purchases	4,117	3,488
Sales and disposals	–1,604	–744
Translation difference	–1,154	162
Accumulated acquisition cost, closing balance	27,617	26,258
Accumulated depreciation, opening balance	17,084	14,625
Sales and disposals	–1,604	–738
Depreciation for the year	3,342	3,082
Translation difference	–947	115
Accumulated depreciation, closing balance	17,875	17,084
Carrying amount, closing balance	9,742	9,174

NOTE 10 – Segment reporting

Group

The Group's operations are managed and reported by geographic market, based on the location of the main operating unit. BTS's operating segments consist of the operating units BTS North America, BTS Europe, and BTS Other Markets, which mainly develop and deliver the solutions sold in each market. The exceptions are web solutions developed by BTS Interactive. Operating units invoice one another for services based on time expended and on market terms.

Shared Group expenses are invoiced, and amortization of intangible assets is distributed among the operating units.

SEK thousands	North America		Europe		Other markets		Eliminations & unallocated		Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Income										
External sales	487,497	423,596	133,679	123,262	73,474	48,204			694,650	595,062
Internal sales	10,816	16,298	44,836	30,752	11,663	4,668	–67,315	–51,718	0	0
Total income	498,313	439,894	178,515	154,014	85,137	52,872	–67,315	–51,718	694,650	595,062
Operating profit	70,530	60,179	10,243	6,678	11,270	3,006			92,042	69,863
Financial income							361	358	361	358
Financial expenses							–1,986	–1,922	–1,986	–1,922
Tax on profit for the year							–31,180	–24,009	–31,180	–24,009
Profit for the year									59,237	44,290
Other information										
Assets	341,742	338,764	108,412	75,962	32,619	27,838	220	532	482,993	443,096
Liabilities	136,400	106,393	26,974	17,922	13,873	7,974	25,600	51,184	202,847	183,473
Investments	2,319	1,735	1,264	1,993	993	703			4,576	4,431
Depreciation of property, plant, and equipment	1,636	1,701	895	867	833	608			3,364	3,176
Amortization of intangible assets	3,233	8,268	3,726	–	–	–			6,959	8,268

NOTE 11 – Financial income and expense

Group		
SEK thousands	2010	2009
Interest income	361	345
Foreign exchange gains	–	13
Foreign exchange losses	–4	–
	357	358
Interest expenses	–1,982	–1,922
Total gain/loss on financial income and expense	–1,625	–1,564

Parent Company

SEK thousands	2010	2009
Gains/Losses on other securities and receivables held as non-current assets		
Dividends from subsidiaries	42,514	18,934
Interest income from subsidiaries	531	1,607
Impairment loss on loan in subsidiary	–3,997	–2,692
Impairment of shares in subsidiary	–4,187	–
Foreign exchange gains	–	14
Foreign exchange losses	–4	–
	34,857	17,863
Interest income and similar profit/loss items	5	2
Interest expenses and similar profit/loss items	–1,154	–1,598
Total gain/loss on financial income and expense	33,708	16,267

NOTE 12 – Tax on profit for the year

Group		
SEK thousands	2010	2009
Current tax for the year	–31,180	–23,957
Deferred tax relating to temporary differences	–	–52
Total	–31,180	–24,009

Parent Company

SEK thousands	2010	2009
Current tax for the year	–175	–401
Tax effect of Group contributions	263	263
Total	88	–138

Deferred tax consists of temporary differences between the carrying amount and tax base of intangible assets.

Reconciliation of effective tax

Group		
SEK thousands	2010	2009
Profit before tax	90,417	68,299
Tax expense based on Swedish income tax rates	–23,780	–17,963
Effects of different tax rates	–9,331	–5,439
Non-deductible expenses	–2,974	–1,124
Non-taxable income	6,916	1,656
Tax attributable to previous years	–2,011	–1,139
Effective tax recognized	–31,180	–24,009
<i>Effective tax rate</i>	34.5%	35.2%

Parent Company

SEK thousands	2010	2009
Profit before tax	34,377	16,767
Tax expense based on Swedish income tax rates	–9,041	–4,410
Dividends from subsidiaries	11,281	4,980
Impairment loss on loan in subsidiary	–2,152	–708
Effective tax recognized	88	–138
<i>Effective tax rate</i>	–0.3%	0.8%

NOTE 13 – Earnings per share

Group

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to Parent Company shareholders with the weighted average number of common stock on issue during the period.

	2010	2009
Profit for the year attributable to Parent Company shareholders, SEK thousands	59,237	44,290
Average number of shares, basic (thousands)	18,048	18,048
Basic earnings per share, SEK	3.28	2.45

Diluted earnings per share

In calculating the diluted earnings per share, the weighted average number of common stock on issue is adjusted for the dilution effect of all potential common stock. The Parent Company has stock options as potential stock with a dilution effect. The stock options give rise to a dilution effect when the average price of common stock during the period exceeds the exercise price for the options.

	2010	2009
Profit for the year attributable to Parent Company shareholders, SEK thousands	59,237	44,290
Average number of shares, diluted (thousands)	18,219	18,111
Diluted earnings per share, SEK	3.25	2.45

The average price of common stock during 2010 was SEK 46.97 per share, which exceeded the present value of the exercise price for the options, thus resulting in potential dilution of 171,017 shares.

NOTE 14 – Dividend per share

Dividends paid in 2010 totaled SEK 21,658 thousand (SEK 1.20 per share). Dividends for 2009 totaled SEK 21,658 thousand (SEK 1.20 per share). At the AGM to be held May 5, 2011, a dividend for fiscal 2010 of SEK 1.50 per share, totaling SEK 27,072 thousand, will be proposed. The proposed dividend was not recognized as a liability in these financial statements.

NOTE 15 – Financial assets

Participations in Group companies

Parent Company

	No. of shares	Pctg. equity	Carrying amount 12-31-10	Carrying amount 12-31-09
			SEK thousands	SEK thousands
Parent Company holdings				
BTS Sverige AB	5,000	100	7,565	7,672
Corp. id. no. 556566-7127				
Domicile: Stockholm				
BTS USA, Inc.	1,000	100	77,636	78,084
Corp. id. no. 06-1356708				
Domicile: Connecticut				
BTS in London Ltd.	5,000	100	6,833	6,901
Corp. id. no. 577 1376 13				
Domicile: London				
Business Training Systems AS	100	100	94	94
Corp. id. no. 957 694 187				
Domicile: Oslo				
Catalysts for profitability and growth Ltd	1,000	100	1	1
Corp. id. no. 1998/010779/07				
Domicile: Centurion				
BTS Finland AB	1,000	100	100	100
Corp. id. no. 556583-1673				
Domicile: Stockholm				
BTS Australasia Pty Ltd	45,050	100	3,914	3,982
Corp. id. no. 099 066 501				
Domicile: Sydney				
Business Training Solutions S.L.	1,031	100	7,911	7,979
Corp. id. no. B95138160				
Domicile: Bilbao				
BTS Management SA	1,000	100	673	673
Corp. id. no. 01 73.802 11				
Domicile: Geneva				
Business Game Factory Oy	90,750	100	654	4,841
Corp. id. no. 1807788-2				
Domicile: Helsinki				
BTS Brussels NV	620,000	100	587	587
Corp. id. no. 878.155.648				
Domicile: Brussels				
Total shares in subsidiaries			105,968	110,914
Acquisition cost, opening balance			110,914	110,503
Share-based payments as per IFRS 2			-759	-516
Investments/Acquisitions			-	927
Impairments			-4,187	-
Closing acquisition cost			105,968	110,914

Parent Company

SEK thousands	12-31-10	12-31-09
Receivables from Group companies		
Carrying amount, opening balance	41,111	83,181
<i>Change for the year</i>		
Repayments	-15,143	-36,308
Translation differences	-1,121	-3,317
Impairment losses	-	-2,445
Carrying amount, closing balance	24,847	41,111

NOTE 16 – Cash flow information

Group

SEK thousands	2010	2009
Other items		
Share-based payments as per IFRS 2	759	516
Exchange rate differences recognized directly in equity	552	-1,838
Total	1,311	-1,322

	Group		Parent Company	
SEK thousands	2010	2009	2010	2009
Financial income and expense				
Interest income	361	345	522	1,609
Foreign exchange gains	-	13	-	14
Foreign exchange losses	-4	-	-4	-
	357	358	518	1,623
Interest expenses	-1,982	-1,922	-1,144	-1,598
Total	-1,625	-1,564	-626	25

SEK thousands	2010	2009
Investing activities		
Paid depositions	-459	-
Purchase price, acquisition of non-controlling interests		
BTS Australasia	-	-927
Total	-459	-927

Purchase price, acquisition of non-controlling interests

In 2002, BTS Australasia PTY Limited was acquired, after which the Group owned 90.1% of the subsidiary. In 2007, the remaining 9.9% was acquired, and BTS Australasia PTY Limited is now wholly owned, as the other subsidiaries are. The final additional consideration for the purchase was paid in 2009.

NOTE 17 – Deferred tax assets and liabilities**Group**

SEK thousands	12-31-10	12-31-09
Deferred tax assets that can be applied within 12 months	899	746
Deferred tax assets that can be applied after more than 12 months	2,462	910
Total deferred tax assets	3,361	1,656

No deferred tax liabilities were recognized for temporary differences attributable to shares or participations in subsidiaries, because BTS can control the date of reversal of such temporary differences, and it is likely that such reversals will not occur within the foreseeable future.

NOTE 18 – Prepaid expenses and accrued income**Group**

SEK thousands	12-31-10	12-31-09
Accrued income	31,874	11,829
Prepaid rent	1,300	1,870
Other items	15,309	10,364
Total	48,483	24,063

Parent Company

SEK thousands	12-31-10	12-31-09
Other items	114	114

NOTE 19 – Equity

The share capital consists of 853,800 Class A shares and 17,194,500 Class B shares, totaling 18,048,300 shares with a quotient value of SEK 6,016,100. Each share has a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

The equity in all Group companies that have a functional currency different from the reporting currency is translated into the reporting currency (SEK). Translation differences arise if the SEK exchange rate for a functional currency at the end of the period is different from its rate at the start of the period. These translation differences have no effect on taxes. Closing accumulated translation differences recognized directly in equity totaled –17,298. Opening accumulated differences totaled –15,685.

NOTE 20 – Financial instruments and financial risk management**Policies for financing and financial risk management**

The Board directs and monitors BTS's financing activities and financial risks. Financing and risk management are gathered under the Group finance function and conducted in compliance with a financial policy adopted by the Board of Directors that stresses low risk. The aim of the Company's risk management is to optimize the Group's cost of capital and, in a deliberate manner, to manage and control the Group's financial risks. Hedging instruments may be used within given parameters. Future payments are not normally hedged. Cash and cash equivalents may be invested in interest-bearing accounts or in interest-bearing securities carrying low credit risk. The duration of the investment portfolio must not exceed nine months.

During the year, BTS's holdings of financial instruments were limited to primary instruments such as accounts receivable, trade payables, and the like. Customer contracts contain no currency clauses or anything that could be considered embedded derivatives. No hedging instruments are held or have been purchased or sold during the year.

Fair value of financial assets and liabilities**Group**

SEK thousands	12-31-10	12-31-09
Other non-current receivables	2,408	3,654
Accounts receivable	170,078	153,323
Provisions for doubtful accounts receivable	–2,956	–2,771
Other current receivables	8,446	4,004
Cash and cash equivalents	88,441	75,412
Total financial assets	266,417	233,622
Other non-current liabilities	297	427
Accounts payable	23,324	14,806
Other current liabilities	55,097	82,203
Total financial liabilities	78,718	97,436

Financial assets

Loan and accounts receivable

During the year, BTS held no non-derivative financial assets with payments that can be determined and that were not listed on an active market.

Other non-current receivables chiefly consist of rental deposits and interest-bearing financial claims on franchisees of the Group company APG in the United States. Rental deposits have a maturity corresponding to their respective leases. Financial claims on franchisees consist of non-current and current parts, where the non-current part has more than 12 months to maturity.

Accounts receivable denominated in foreign currencies are measured at the closing rate. Accounts receivable in the BTS North America operating unit constitute 46% (66) of the Group's total accounts receivable. The table below shows the distribution of accounts receivable by currency.

Group

SEK thousands	12-31-10	12-31-09
SEK	14,405	2,015
USD	96,551	102,349
GBP	24,737	17,705
EUR	10,802	18,155
Other currencies	20,626	10,328
Total accounts receivable	167,121	150,552

Accounts receivable are recognized after deductions for doubtful and uncollectible debts. Provisions are made for doubtful receivables after testing in each individual case. During the year, credit losses on accounts receivable had an impact of 645 (4,966) on earnings.

At December 31, 2010, accounts receivable totaling 21,607 (21,877) were more than 30 days past due; this excludes accounts receivable for which provisions had been made. The structure of due dates is shown in the table below.

Group

SEK thousands	12-31-10	12-31-09
Total accounts receivable	167,121	150,552
more than 30 days overdue	12,390	14,584
more than 60 days overdue	9,217	7,293

Other current receivables mainly consist of the current part of financial claims on franchisees.

Cash and cash equivalents

At the end of the reporting period, there was only cash in hand and bank balances.

Financial liabilities

Financial liabilities held during the year are measured at the amortized cost using the effective interest method.

Other non-current liabilities consist of interest-bearing loans. These loans consist of non-current and current parts, where the non-current part has more than 12 months to maturity.

Accounts payable are deemed reasonably approximate to their fair value, so they are not discounted to present value. All accounts payable fall due within 12 months.

Other current liabilities chiefly consist of the Group's bank overdraft facility (attributable to acquisitions previously completed) totaling 27,814 (52,334). The change from the preceding year resulted from surplus cash being used to repay the overdraft facility and the USD exchange rate at December 31 having reduced the debt in SEK terms year-on-year.

Foreign exchange risk

The Group is exposed to foreign exchange risks associated with the translation of foreign subsidiaries, thus influencing profit and equity in the Group. The currencies that have the greatest influence are USD, EUR, and GBP. Transaction exposure is limited, because revenues and expenses are primarily denominated in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits based on BTS's 2010 income statement and should only be seen as an indication of the significance of the different currencies.

Exchange rate	Percentage change	Change, SEK thousands, full-year 2010
SEK/USD	+/-10%	+/-6,366
SEK/EUR	+/-10%	+/-569
SEK/GBP	+/-10%	+/-1,282

Credit risk

Credit risk refers to companies not getting paid for their accounts receivable from customers. BTS only accepts creditworthy counterparties in financial transactions, and the amount is determined individually for each customer. The intention is for credit limits to reflect the solvency of each customer. BTS has sufficiently diversified risk. BTS's accounts receivable and sales are spread among a large number of companies operating in a variety of sectors.

The maximum credit risk at year-end was 19,511 (20,869), which corresponds to the largest credit exposure to any single group.

Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents and an unutilized approved overdraft facility. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in the market interest rate that affect BTS negatively by increasing the cost of the Company's borrowing. The sensitivity analysis below shows the increase and decrease in interest expense resulting from a change in the market interest rate.

	Percentage change in market interest rate	Change in interest expense 2010, SEK thousands
Interest on bank overdraft facility	+/- 10%	+/- 135

BTS's policy is to allow borrowing with the Board's approval. Any surplus cash in subsidiaries should first of all be used to repay loans, which was done during the year. Interest risk is limited to the fluctuating return on cash and cash equivalents invested at variable rates.

Group

SEK thousands	12-31-10	12-31-09
Cash and cash equivalents	88,441	75,412
Unutilized portion of bank overdraft facility	27,036	26,133
Cash and cash equivalents available	115,477	101,545

Managing capital risk

BTS's goal for its capital structure is to safeguard the Group's ability to continue and expand its operations, so that they continue to generate a return for shareholders and benefit other stakeholders, at the same time as the cost of capital is kept at a reasonable level.

To maintain or change the capital structure, the dividend can be raised or lowered, shares can be issued, shares can be repurchased, and assets can be sold.

BTS's financial objective – and a measure of its capital risk – is that its equity/assets ratio never remains less than 50%. At year-end, the Company's equity/assets ratio was 58% (59).

NOTE 21 – Bank overdraft facility**Group**

SEK thousands	12-31-10	12-31-09
Approved credit limit	54,850	78,467
Unutilized portion	-27,036	-26,133
Credit utilized	27,814	52,334

Parent Company

SEK thousands	12-31-10	12-31-09
Approved credit limit	39,748	63,058
Unutilized portion	-12,139	-12,729
Credit utilized	27,609	50,329

NOTE 22 – Accrued expenses and prepaid income**Group**

SEK thousands	12-31-10	12-31-09
Accrued salaries	55,622	54,637
Accrued social security contributions	1,704	3,136
Prepaid income	57,345	41,893
Other items	20,590	10,937
Total	135,261	110,603

Parent Company

SEK thousands	12-31-10	12-31-09
Other items	437	524

NOTE 23 – Pledged assets**Group**

SEK thousands	12-31-10	12-31-09
<i>Assets pledged for debts to credit institutions</i>		
Company mortgages	10,000	10,000

NOTE 24 – Contingent liabilities on behalf of Group companies**Parent Company**

SEK thousands	12-31-10	12-31-09
Guarantee commitments on behalf of subsidiaries	3,823	4,057

The Board of Directors and Chief Executive Officer affirm that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and that the annual report was prepared in accordance with generally accepted accounting principles in Sweden. The annual report and consolidated financial statements, respectively, provide a true and fair view of the Parent Company's and the Group's financial positions and earnings.

The management report for the Parent Company and the Group provides a fair review of developments in the Parent Company's and the Group's operations, financial position, and earnings and describes the material risks and uncertainties facing the Parent Company and the companies that are part of the Group.

The consolidated income statement and balance sheet as well as the Parent Company's income statement and balance sheet will be submitted for adoption to the Annual General Meeting of May 5, 2011.

Stockholm, Sweden, April 6, 2011

Michael Grindfors
Chairman of the Board

Henrik Ekelund
Chief Executive Officer

Mariana Burenstam Linder

Stefan Gardefjord

Dag Sehlin

Our audit report was submitted on April 11, 2011
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant / Managing Auditor

Audit Report

To the Annual General Meeting of
BTS Group AB (publ)
Corp. id. no. 556566–7119

We have reviewed the annual report, consolidated financial statements, accounting records, and management by the Board of Directors and the Chief Executive Officer (CEO) of BTS Group AB (publ) for 2009. The Company's annual report and consolidated financial statements are included in the printed version of this document on pages 44-72. The Board of Directors and the CEO are responsible for the accounting records and management of the Company, the application of the Annual Accounts Act in preparing the annual report, the application of International Financial Reporting Standards (IFRS) as adopted by the European Union, and for the application of the Annual Accounts Act in preparing the consolidated financial statements. Our responsibility is to express an opinion on the annual report, the consolidated financial statements, and management based on our audit.

The audit was conducted in accordance with generally accepted auditing standards in Sweden. This means that we planned and performed the audit to obtain reasonable assurance that the annual report and the consolidated financial statements contain no material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting records. An audit also includes assessing the accounting principles and their application by the Board and the CEO, evaluating the significant estimates made by the Board and CEO when preparing the annual report and consolidated financial statements, and assessing the overall presentation of information in the annual report and the consolidated financial statements. We have examined significant decisions, actions taken, and the circumstances of the Company in order to determine the liability for damages, if any, to the Company of any member of the Board or the CEO. We have also examined whether any member of the Board or the CEO has in any other way acted contrary to the Swedish Companies Act, the Annual Accounts Act, or the Company's articles of association. We believe that our audit provides us with a reasonable basis for our opinion as set forth below.

The annual report was prepared in accordance with the Annual Accounts Act and provides a true and fair view of the Company's earnings and financial position, in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements were prepared in compliance with IFRS, as approved by the EU, and the Annual Accounts Act and provide a true and fair view of the Group's earnings and financial position. The management report is consistent with the rest of the annual report and the consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the Parent Company and the Group, appropriate the earnings in the Parent Company as proposed in the management report, and discharge the members of the Board and the CEO from liability for the fiscal year.

Stockholm, Sweden, April 11, 2011
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant
Managing Auditor

2010 Corporate Governance Report

BTS Group AB is a public limited liability company based in Stockholm, Sweden, and listed on NASDAQ OMX Stockholm. Consequently the BTS Group's corporate governance is based on Swedish legislation and regulations such as the Companies Act, the listing agreement, the Swedish Code of Corporate Governance, and the Company's own articles of association.

The Swedish Code of Corporate Governance (the Code) is a set of rules and regulations for listed companies and complements legislation, companies' own articles of association, and other rules by specifying a norm for good corporate governance. The Code deals with the systems and corporate and decision-making bodies through which owners directly or indirectly control their company and is intended to safeguard the investments of shareholders and the assets of a group as well as to insure that the financial information provided by a company is reliable. Any deviations from the Code are explained in the pertinent section.

This corporate governance report does not constitute a part of the formal financial statements and has not been reviewed by the Company's auditors.

Corporate governance structure

The corporate bodies of BTS Group AB comprise the following.

Annual General Meeting (AGM)	– highest decision-making body
Board of Directors	– has ultimate responsibility for the Company's organization and management
Chief Executive Officer (CEO)	– has responsibility for day-to-day management
Auditors	– audit the Board of Directors' and CEO's management at the request of the shareholders/ Annual General Meeting.

Shareholders

The total number of shares outstanding is 18,048,300, consisting of 853,800 Class A and 17,194,500 Class B shares. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

At December 31, 2010, BTS Group AB had approximately 860 shareholders. The ten largest shareholders had total shareholdings corresponding to 75.5% of shares and 82.2% of votes. A list of the largest shareholders is found on page 41 of the annual report.

Annual General Meeting

BTS's highest decision-making body is the Annual General Meeting (AGM). Notice of the AGM shall be published no earlier than six

weeks and no later than four weeks before the AGM and shall appear in Post- och Inrikestidningar and Svenska Dagbladet. All shareholders entered in the share register on the record date who have notified the Company in time of their intention to participate in the AGM may do so. Shareholders unable to attend can be represented by proxy.

The AGM elects the Company's Board and the Chairman of the Board. The business of the AGM includes

- adopting the income statement and balance sheet,
- determining the appropriation of the Company's earnings,
- determining whether to discharge the members of the Board and the CEO from liability to the Company,
- electing auditors, and
- determining fees to be paid to the Board and auditors.

2010 Annual General Meeting

The 2010 AGM was held on Thursday, April 29, 2010, at the Company's offices in Stockholm. Twenty shareholders attended, representing 64.0% of the number of shares outstanding and 46.2% of the votes. All members of the Board and the Company's auditor participated in the AGM. Decisions made included the following.

- The income statement and balance sheet and the consolidated income statement and balance sheet for fiscal 2009 were adopted.
- The proposed dividend of SEK 1.20 per share was approved.
- The Board of Directors and CEO were discharged from liability for management during the fiscal year as recommended by the auditors.
- A total of SEK 650,000 in fees was approved to be paid to members of the Board who receive no salary from the Company or any subsidiary, of which SEK 275,000 shall be paid to the Chairman and SEK 125,000 each to other members. For work on Board committees, fees totaling SEK 90,000 shall be paid.
- Auditors' fees were approved to be paid based on approved invoices.
- Mariana Burenstam Linder, Henrik Ekelund, Stefan Gardefjord, Michael Grindfors and Dag Sehlin were re-elected to the Board for the period until the next AGM. Michael Grindfors was elected Chairman of the Board.
- Instructions for the nominating committee, such that the committee be made up of representatives from the two shareholders controlling the most votes, based on Euroclear Sweden AB's data at September 30, 2010, and the Chairman of the Board.

- Guidelines for compensation and other conditions of employment for senior executives were adopted.
- The Board of Directors was authorized to decide, during the period until the next AGM, whether to issue shares or convertible instruments that would result in a maximum of 1,200,000 Class B shares being issued for capital contributed in kind or as offsets. This authorization referred to corporate acquisitions.

Nominating committee

The nominating committee has the task of preparing and submitting proposals to the AGM concerning the following, when relevant.

- Election of a president for the AGM.
- Election of the Chairman of the Board and other members of the Board.
- Board fees: in total and divided among the Chairman and other members of the Board as well as compensation for work on committees, when relevant.
- Audit fees.
- Election of auditor and deputy auditor, when relevant.
- Adoption of a policy for appointing the nominating committee.

A nominating committee for BTS Group AB was appointed on October 20, 2010. BTS's two largest shareholders in consultation with Michael Grindfors, Chairman of the Board, appointed Anders Dahl (representing Henrik Ekelund), Stefan af Petersens, and Michael Grindfors to the committee. Anders Dahl was appointed chairman of the nominating committee.

Shareholders in BTS Group AB have been able to contact the nominating committee to propose candidates to the Board.

All of the nominating committee's candidates based on the above will be announced in the notice for the 2011 AGM. The nominating committee's statement supporting its proposal for the Board of Directors of BTS Group AB as well as the information about the candidates recruited by the committee will be published on BTS's web site when the proposal is announced.

Board of Directors

The Board of Directors has ultimate responsibility for the Company's organization and management and is appointed by the shareholders at each AGM for the period from that AGM until the end of the next. BTS's Board decides on issues such as strategic direction, acquisitions, investments, financing, and Group-wide policies. BTS's Board shall also insure proper disclosure to BTS's various stakeholders.

The articles of association specify that BTS's Board shall consist of no fewer than three and no more than eight members. The AGM held on April 29, 2010, decided that for the period until the next AGM the Board would consist of five members and no deputy members.

Once each fiscal year, the work of the Board is assessed, either by the Board alone or with external assistance, providing a basis for the Board's procedures in the future.

The Board is deemed to comply with the NASDAQ OMX Stockholm marketplace rules and the Swedish Code of Corporate Governance regarding requirements on independence of members of the Board in relation to the Company and Company management.

Composition and independence of the 2010 Board

Member	Position	Elected	Committee work	Independent	Board meeting attendance
Michael Grindfors	Chairman of the Board	2009		Yes	6/6
Mariana Burenstam Linder	Member	2004		Yes	5/6
Henrik Ekelund	Member	1986		No ¹	6/6
Stefan Gardefjord	Member	2003	Audit Committee	Yes	5/6
Dag Sehlin	Member	2003	Audit Committee	Yes	6/6

¹ Henrik Ekelund is the largest shareholder and is President and CEO of BTS Group.

The work of the Board of Directors

In addition to legislation and recommendations, a written set of procedures adopted annually governs the work of the Board. The Board's set of procedures is intended to clarify and regulate the Board's tasks and how it works as well as the division of responsibilities among the Chairman, other Board members, and the CEO. According to these procedures, the Board shall normally hold a minimum of four ordinary meetings. At each of these meetings, the Board deals with issues of material significance to the Company. In addition, the Board receives reports from senior management about current business conditions in the Group's market segments.

Board meetings are held periodically in connection with the Company's financial reports. The Board deals with the year-end report and proposed appropriation of earnings in February, interim reports in April, August, and October, and the budget for the coming year in December. Occasionally, an issue is delegated to the Chairman of the Board and the CEO for joint deliberation. The Company's Chief Financial Officer (CFO) serves as Board secretary. During the past year, six meetings were held.

Every year the Board makes an evaluation of the work of the Board. The Nomination Committee has been informed of the contents in the 2010 evaluation. It is e.g. used as basic data when next year's work of the Board is planned.

Compensation to the Board

The AGM held on April 29, 2010, approved a total of SEK 650,000 in fees to be paid to those Board members who receive no salary from the Company or any of its subsidiaries, such that SEK 275,000 be paid to the Chairman and SEK 125,000 each to the members. The

AGM also approved a total of SEK 90,000 in fees for work on Board committees.

Auditors' fees will be paid based on approved invoices.

Members of the Board in the Parent Company have received compensation only in the form of Board fees and, when relevant, fees for work on Board committees. The Members of the Board are not included in any incentive programs for Group employees that are based on shares or share prices.

Compensation committee

The compensation committee has the task of reviewing and recommending to the Board policies for compensation, including performance-based payments and pension benefits for the Company's senior executives. Issues concerning the CEO's terms of employment, compensation, and benefits are prepared by the compensation committee and decided by the Board. The duties of the compensation committee were performed during the year by the Board as a whole excluding the CEO.

The Board will propose policies for compensation and other terms of employment for the Company's senior executives for the approval of the AGM on May 5, 2011.

More information about compensation to senior executives is found in Note 7 of the annual report.

Audit committee

The task of the audit committee is to prepare the Board's work assuring the quality of the Company's financial reports. The audit committee also adopts guidelines on services other than auditing that the Company may purchase from the Company's auditors. The committee is also tasked with providing the nominating committee with an assessment of the audit work and of assisting the nominating committee in preparing the nominating committee's proposal to the AGM for the election of auditors as well as the size of the audit fee. The Company's CFO, also the Board secretary, prepared the business for the meetings.

Auditors

The auditors examine the management of the Company by the Board and CEO and the quality of the Company's accounts and they report the results of their audit to the shareholders through the audit report, which is submitted at the AGM. In addition, the auditor participates in the Board meeting when the final accounts are presented and submits a report on the audit of the Company's earnings, financial position, and internal control. The Company's auditor may also submit a statement of his/her findings directly to the Chairman of the Board, if deemed necessary.

The auditor is elected by the AGM for a period of four years. The 2009 AGM re-elected the registered public accounting firm Öhrlings PricewaterhouseCoopers and managing auditor Magnus Thorling for the period until the 2013 AGM.

More information about compensation to auditors is found in Note 4 of the annual report.

For 2010, the Company's auditors did not review BTS's semiannual report or the nine-month interim report, which deviates from the Code. The Board has determined to date that the additional costs of such reviews have not been justifiable.

Senior executives

BTS's senior executives include:

Henrik Ekelund, President & CEO of BTS Group AB, Stefan Brown, CFO and Vice President of BTS Group AB, and Jonas Åkerman, President of BTS USA Inc.

More information about senior executives is found on page 80 of the annual report.

Guidelines for compensation and other terms of employment for senior executives

The AGM held on April 29, 2010, adopted policies for compensation to senior executives such that BTS shall employ persons on terms and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's goals. When employing persons outside Sweden, the Company shall comply with each country's generally accepted forms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 30% of the fixed basic salary. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs. Only the CEO in the Parent Company is entitled to a severance package, corresponding to 12 months' salary if the Company terminates his employment contract.

The Board is entitled to deviate from the principles above in individual cases under special circumstances.

Information and communication

The overall goal of BTS's communication is to provide shareholders and employees, actors in the market, and other stakeholders with an up-to-date, true, and fair view of the Company and its business operations. Communication shall be correct, credible, characterized by close relationships with the Company's stakeholders, and based on frequent contact, clarity, and good ethics. BTS believes that high-quality communication efforts actively help bolster confidence in the Company and management, making it easier to achieve business objectives.

BTS publishes up-to-date information about the Company on its web site. Interim reports and annual reports are published in Swedish and English. Events that could be expected to affect the share price are announced in press releases. In addition, the Company communicates with mass media, capital markets, and shareholders when interim reports are published and also participates in other activities on an ongoing basis.

The Board of Directors' description of internal control concerning financial reports

Good corporate governance is about organization and routine, the proper handling of financial information, and minimizing risk. A good control environment is also based on an organizational structure with explicit and documented delegation of decision-making authority, straightforward guidelines and policies, and a corporate culture with common values.

Control environment

Internal control at BTS is based on a control environment embracing the organization, lines of decision-making, authority, and responsibility. The Board of Directors has a written set of procedures that clarifies the Board's responsibility and regulates how Board tasks are delegated. The set of procedures also specifies which issues are submitted to the Board for a decision. How roles are divided between the Board and the CEO is described in the Board's set of procedures and its instructions to the CEO. The CEO also manages the business with reference to the Companies Act, other laws and regulations, rules and regulations for stock market companies, and the Code, for example.

The Company has established policies in areas such as financial reporting, IT and IT security, and human resources (compensation to senior executives, the work environment, equal opportunity). The Board's instructions to the CEO specify financial responsibilities and authority, as do procedures adopted for signing off. To limit and control financial risk, the Board has adopted a financial policy.

The Company's operating organization is communicated through an organization chart augmented by the assignment of roles and responsibilities.

The Board of Directors follows up to insure that policies adopted for financial reporting and internal control are adhered to and maintains appropriate relationships with the Company's auditors. Company management is responsible for the system of internal controls required for managing significant risks in operating activities.

Risk assessment and control activities

The Board of Directors has ultimate responsibility for risk management. A well-defined organization and decision-making procedure are intended to foster prudent risk taking and good awareness of risk among employees. To insure that internal routines and controls have worked adequately and uniformly, the most important processes have procedural descriptions. Built-in checkpoints also minimize the risk of errors in accounting. Likewise, procedures for the Company's accounting and consolidation systems have been documented. Ongoing activities aim at maintaining good internal control, thus avoiding and detecting risks.

Information and communication

Significant guidelines, manuals, and such that affect financial reporting are updated and communicated on an ongoing basis to personnel in the Group affected. Formal as well as informal channels

to Company management and the Board exist to transmit significant information from employees. For external communication, the Company follows the governing regulations discussed above.

Follow-up

The Board of Directors continuously evaluates the information provided by Company management. The work of the Board includes insuring that actions are taken concerning any deficiencies or proposals for corrective action arising from external audits. BTS has no internal audit unit of its own, based on the assessment that there are no special circumstances in operating activities according to Group size, organization and reporting structure or other conditions to justify such a unit.

Auditor's report on the corporate governance report

To the Annual General Meeting of BTS Group AB (publ), Corp. Reg. No. 556566-7119

It is the Board of Directors who are responsible for the 2010 Corporate Governance Report and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the Corporate Governance Report has been prepared and is consistent with the other parts of the annual accounts and the consolidated accounts, we have read the Corporate Governance Report and assessed its statutory content based on our knowledge of the company.

In our opinion, a Corporate Governance Report has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm April 11, 2011

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant
Managing Auditor

Board of Directors and Auditors

Michael Grindfors

Born 1956.

Chairman of the Board of BTS Group AB since 2009. Vice-chairman of the U.S. consulting firm AlixPartners.

Options and shareholdings in BTS Group

AB: 30,420 Class B shares and 20,000 options.

Michael Grindfors was previously president of AlixPartners. He has held senior positions at Boston Consulting Group, Goldman Sachs, Etonic, and other companies.

Michael Grindfors graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

Mariana Burenstam Linder

Born 1957.

Member of the Board of BTS Group AB since 2004.

Managing Partner in Burenstam & Partners AB.

Other assignments: Chairman of the board of Kontanten AB and Sweden-America Foundation. Member of the board of S&K AB.

Options and shareholdings in BTS Group

AB: 12,100 Class B shares and 10,000 options.

Mariana Burenstam Linder has extensive experience from management positions in several Swedish companies. Former positions include president of Ainax, Head of Enskilda Banken with global responsibility for Private Banking, Vice President of SEB, CIO of Trygg-Hansa and later the SEB group, president of ABB Financial Consulting, and president of Nordic Management AB.

Mariana Burenstam Linder graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

Henrik Ekelund

Born 1955.

President and CEO of BTS Group AB.

Options and shareholdings in BTS Group

AB: 816,000 Class A shares and 3,172,034 Class B shares. 23,000 options issued.

Henrik Ekelund is BTS's founder and has been CEO since its inception in 1986.

Henrik Ekelund has comprehensive experience as a board member and owner of high-growth enterprises, including Jobline AB, Image Publications AB, Strandfastigheter AB (now Klöver AB), and Universum AB. Henrik Ekelund graduated in business administration at the Stockholm School of Economics.

Not independent of the Company or its major shareholders.

Stefan Gardefjord

Born 1958.

Member of the Board of BTS Group AB since 2003.

President of Logica Sverige AB.

Other assignments: Chairman of the board of IT & Telekommunikationsföretagen. Member of the board of Logica Sverige AB, Svenskt Näringsliv and Almega.

Options and shareholdings in BTS Group

AB: 5,000 Class B shares and 10,000 options.

Stefan Gardefjord has held several senior positions since 1987 in the WM-data group, including president of different subsidiaries, business area head, and group director of marketing, sales, and information. Former positions include head of consulting at Consab Consult AB, and prior to that he worked with accounting and IT at Dow Chemical AB. Stefan Gardefjord graduated upper secondary school in business.

Independent of the Company and its major shareholders.

Dag Sehlin

Born 1945.

Member of the Board of BTS Group AB since 2003, Chairman of the Board 2003–2008.

Options and shareholdings in BTS Group

AB: 6,000 Class B shares and 10,000 options.

Dag Sehlin has long-term experience in senior positions in the Swedish financial sector. Previous positions include CFO and acting president of Posten AB, vice president of OM-Gruppen, and prior to that various positions in accounting and finance at several Swedish companies. He also has long-term experience from work as an independent consultant and member of the board for various listed and other enterprises.

Dag Sehlin graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

AUDITOR

Öhrlings PricewaterhouseCoopers AB.

Managing auditor:

Magnus Thorling

Authorized Public Accountant.

The above information on options and shareholdings was correct at December 31, 2010.



Left to right: Stefan Gardefjord, Michael Grindfors (Chairman of the Board), Henrik Ekelund (President and CEO), Mariana Burenstam Linder and Dag Sehlin.

Senior Executives



Henrik Ekelund

Born 1955.
President and CEO of BTS Group AB.
See Board of Directors on the preceding page.



Jonas Åkerman

Born 1963.
Executive Vice President.
President and CEO of BTS USA.
Employed by BTS since 1991.
Options and shareholdings in BTS Group AB: 913,809 Class B shares and employee stock options for 22,100 Class B shares.



Stefan Brown

Born 1963.
CFO and Vice President of BTS Group AB.
Employed by BTS since 1990.
Options and shareholdings in BTS Group AB: 16,500 Class B shares and employee stock options for 20,100 Class B shares.

The above information on options and shareholdings was correct at December 31, 2010.

Global Partners in BTS



Henrik Ekelund

Born 1955.
President and CEO of BTS Group AB.
See Board of Directors on the preceding page.



Stefan af Petersens

Born 1955.
Executive Vice President.
Employed by BTS since 1986.



Stefan Hellberg

Born 1957.
Executive Vice President.
Employed by BTS since 1986.



Jonas Åkerman

Born 1963.
Executive Vice President.
President and CEO of BTS USA.
Employed by BTS since 1991.



Rommin Adl

Born 1964.
Executive Vice President.
Employed by BTS since 1994.



Peter Mulford

Born 1968.
Executive Vice President.
Employed by BTS since 1997.



Dan Parisi

Born 1968.
Executive Vice President.
Employed by BTS since 1995.



Todd Erlich

Born 1968.
Executive Vice President.
Employed by BTS since 1995.



Philios Andreou

Born 1967.
Executive Vice President.
President and CEO of BTS Spain & BTS Latin America.
Employed by BTS since 2003.



Ted Fawle

Born 1942.
Executive Vice President.
President and CEO of BTS Asia.
Employed by BTS since 2002.

Advantage Performance Group Inc.

Annika McCrea

Born 1968.
President and CEO of APG.
Employed by BTS since 1995.
Employed by APG since 2007.



Shareholder Information

Annual General Meeting 2011

Shareholders in BTS Group AB (publ) are invited to the AGM on Thursday, May 5, 2011, at 9:30 am at the Company's premises, Grevgatan 34, 5th floor, Stockholm.

Shareholders wishing to participate must be entered in the share register maintained by Euroclear Sweden AB no later than Friday, April 29, 2011, and must have notified BTS Group AB no later than Monday, May 2, 2011.

Notify the Company by phone at +46 8 5870 7000, fax +46 8 5870 7001, or e-mail at ir@bts.com.

In the notification, please include the shareholder's name, personal identification number or corporate identification number, address, phone number, and the number of shares held.

To participate in the AGM, shareholders who have registered shares under the name of a trustee must temporarily register them with Euroclear Sweden AB under their own name. Any such request to transfer registration should be made well in advance of Friday, April 29, 2011.

Dividend

The Board of Directors proposes a dividend of SEK 1.50 per share.

2011 reports and financial information

Interim reports:	
January–March	May 5, 2011
April–June	August 17, 2011
July–September	November 9, 2011
Year-end report	February 2012

The reports above can be ordered from BTS Group AB, Grevgatan 34, SE-114 53 Stockholm, phone +46 8 5870 7000, fax +46 8 5870 7001, or e-mail ir@bts.com. Financial information from BTS Group AB is also published at www.bts.com.

Definitions

BTS Group AB, BTS Group AB (publ), BTS, the Company BTS Group AB with or without the Group's subsidiaries (unless otherwise indicated by the context).

Every care has been taken in the translation of this year-end report. In the event of discrepancies, however, the Swedish original will supersede the English translation.



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