BTS Group AB (publ)

Year-end Report January 1 – December 31, 2007

Continued good growth in revenue and earnings

January – December 2007

- Net turnover increased by 38 per cent during the year and amounted to MSEK 523.2 (379.1). Adjusted for changes in exchange rates, growth was 47 per cent. The organic growth for BTS, adjusted for changes in exchange rates, was 12 per cent
- The operating profit before amortization on intangible assets (EBITA) increased by 31 per cent to MSEK 88.3 (67.6)
- Profit after tax increased by 26 per cent to MSEK 48.8 (38.6)
- Earnings per share amounted to SEK 2.71 (2.18)

The fourth quarter

- Net turnover for the fourth quarter increased by 3 per cent to MSEK 135.9 (131.8) MSEK. Adjusted for changes in exchange rates, growth was 10 per cent.
- The operating profit before amortization on intangible assets (EBITA) increased by 7 per cent to MSEK 24.6 (23.0)
- Profit after tax increased by 42 per cent to MSEK 16.5 (11.6)

Summary of BTS' and the market's development during the fourth quarter

- The market development on all of BTS' markets continued to be positive
- Cross-selling between BTS and the acquired companies APG and continued to increase
- There has been a good inflow of new customers during the year, including ABN AMRO, Coop Norge, Essent, Harley-Davidson, Kimberly-Clark, Tyco Electronics, Sony BMG, Waste Management, Marsh, Time Warner Cable, Euskaltel, Teva, NetJets, Sandvik Mining and Palm Computer
- New offices were opened in Oslo and Singapore

Dividend

- The proposed dividend is SEK 1.20 (1.00) per share

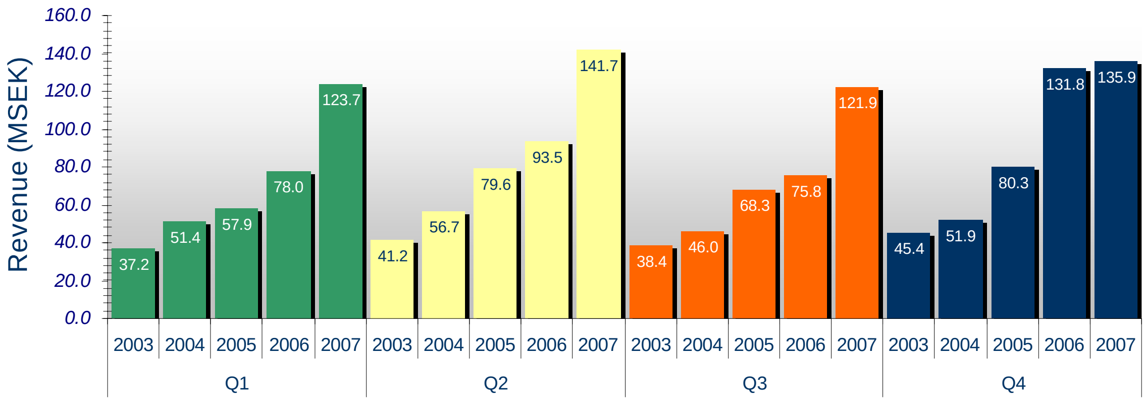
BTS Group AB is an international consultancy and training company active in the field of business acumen. BTS uses tailor-made simulation models to support company managers in implementing change and improving profitability. BTS solutions and services train the entire organization to analyze and to take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

Turnover

BTS' net turnover increased by 38 per cent during the twelve-month period and amounted to MSEK 523.2 (379.1). Adjusted for changes in exchange rates, growth was 47 per cent.

Growth was generated through the acquisitions of The Advantage Performance Group (APG) and The Real Learning Company (RLC) but was also generated organically.

BTS' organic growth, adjusted for changes in exchange rates, was 12 per cent.



Revenue development by quarter

Earnings

The operating profit during the year increased by 25 per cent to MSEK 78.2 (62.4). The operating profit during the year was affected by MSEK 10.1 (5.3) for amortization of intangible assets attributable to acquisitions. The operating profit before amortization on intangible assets (EBITA) increased by 31 per cent and amounted to MSEK 88.3 (67.6).

The growth in earnings was generated through improved earnings in all of BTS' operating units.

The operating margin was 15 (16) per cent. The decrease in the margin was due to increased amortization on intangible assets and lower margin levels in the acquired operations. The operating margin before amortization on intangible assets (EBITA margin) was 17 (18) per cent.

The Group's profit before tax for the year increased by 19 per cent to MSEK 72.8 (61.0). The interest expenses amounted to MSEK 5.4 (1.4) for the year.

The fourth quarter

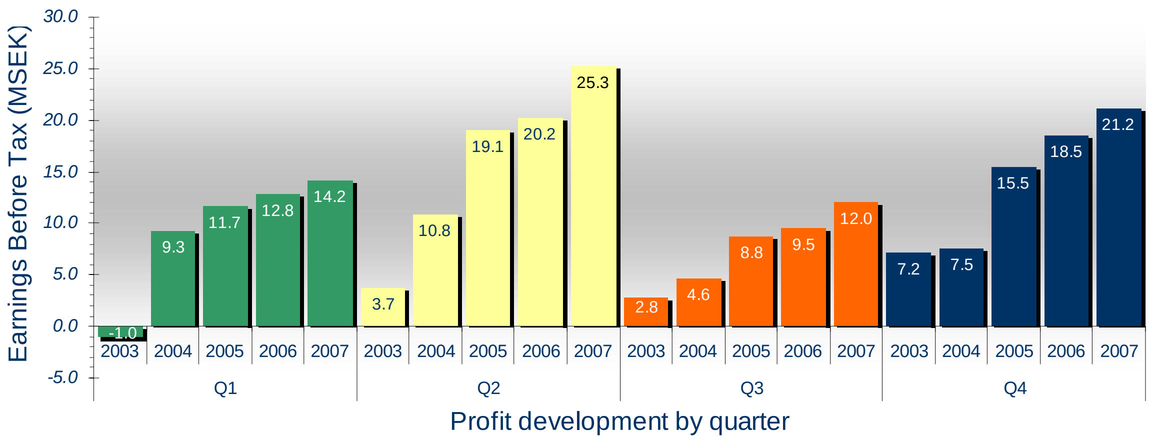
BTS' net turnover increased by 3 per cent during the fourth quarter and amounted to MSEK 135.9 (131.8) Adjusted for changes in exchange rates, turnover increased by 10 per cent during the fourth quarter. Growth varied significantly among the units; BTS North America grew by 15 per cent, BTS Europe grew by 22 per cent, BTS Other Markets grew by 93 per cent, APG and RLC decreased by 14 per cent.

The operating profit increased by 11 per cent during the fourth quarter to MSEK 22.2 (20.1). The operating profit for the fourth quarter was affected by MSEK 2.4 (2.9) for amortization of intangible assets attributable to the completed acquisitions. The operating profit before amortization on intangible assets (EBITA) increased by 7 per cent and amounted to MSEK 24.6 (23.0).

The improvement in earnings during the fourth quarter was primarily generated through significantly improved earnings in BTS Europe and BTS Other Markets. Earnings in BTS North America have increased to a certain extent. Earnings in APG and RLC have deteriorated.

The operating margin was 16 (15) per cent. The operating margin before amortization on intangible assets (EBITA margin) was 18 (17) per cent.

The Group's profit before tax for the fourth quarter increased by 15 per cent to MSEK 21.2 (18.5). The interest expenses amounted to MSEK 1.0 (1.6) during the fourth quarter.



The market and the market development

Companies in BTS' target group, large international companies and organizations, tend to have to deal with a faster rate of change, new technologies and new competition. As a result they tend to invest more in business development and training. For many years, BTS has been the leading player on the market for training conducted through tailor-made business simulations and currently has commissions from 26 of the 100 largest companies in the world.

The total training market in the US is estimated, according to Bersin & Associate a US based market research company, to be worth approx USD 58 billion (including salaries to companies' internal training resources). Approximately USD 16 billion of external services are purchased, of which BTS' market segment – training services to managers and sales staff - is estimated to be worth approx. USD 5 billion. This means that BTS currently has approx. 1 per cent market share in its North America segment, a market that is expected to grow by approximately 5 per cent annually.

BTS is currently seeing increased global demand for it products, a continued positive market development in the US and a rapid expansion within the world's growth markets. BTS expects that the market segment for training based on simulation technology will grow more rapidly than the market in general.

BTS' growth

During the four-year period, 2004-2007, BTS has increased revenue by 3.5 times, adjusted for changes in exchange rates, while at the same time, the operating profit has increased more than eight-fold. The revenue increase was approximately 40 per cent organic, and about 60 per cent acquired.

The factors behind BTS' growth are as follows:

- we operate on an expanding market
- our offering enjoys strong competitive advantages
- we carry out excellent acquisitions on a fragmented market
- we have the sector's best organization and employees

BTS drives this growth through:

- growth in existing offices
- geographical expansion through new offices
- cross-selling between original and acquired range
- continued development of new products and solutions

BTS' offering has broadened considerably through product development and completed acquisitions and apart from world-leading business simulations also includes leading solutions within strategically important areas such as e.g. sales and management development and internet-based training solutions.
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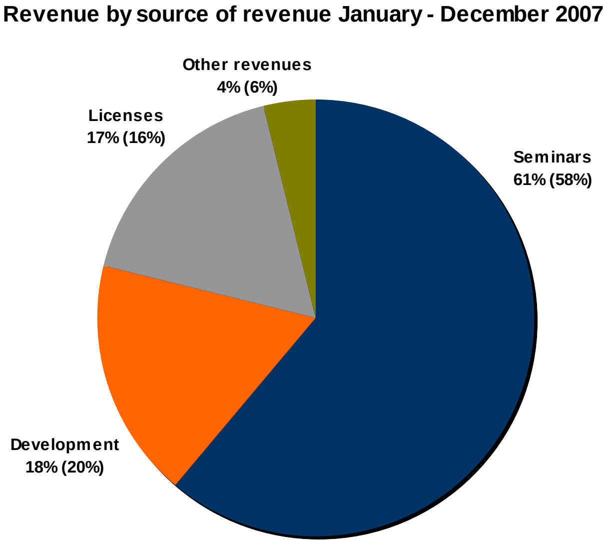
BTS offers the most comprehensive range of tailored simulation solutions on the market today and at the same time, is the only company in the world that can serve large international companies on a global basis. BTS' sales organization is being developed and is growing rapidly. This means that BTS to a greater extent, can satisfy existing clients' needs for additional solutions, which generates significant growth opportunities both in the near-term and long-term.

Assignments and new clients

New clients secured during the year included ABN AMRO, Australian Unity, Bank of Oklahoma, Essent, Euskaltel, Flour, Fortis Bank, Freescale, Hapag-Lloyd, Harley-Davidson, Hay Group, InBev, Kimberly-Clark, Lagercrantz, Marsh, NetJets, Pacific Pulmonary, Palm Computer, Procter & Gamble, Sandvik Mining and Construction, Siemens, Sime Darby, Sony BMG, Spirit Aerospace, Sprint, TEVA, Time Warner Cable, Tyco Electronics, Waste Management, Woodside and Wärtsilä among others.

Revenue Distribution



Operative units

Net turnover per operative unit

MSEK	Oct-Dec 2007	2006	Full-year 2007	2006
North America*	**85.8**	94.4	**368.4**	245.2
Europe	**38.0**	31.4	**117.0**	113.0
Other markets	**12.1**	6.0	**37.8**	20.9
Total	**135.9**	131.8	**523.2**	379.1

** North America*				
BTS	***52.9***	***50.7***	***205.8***	***201.5***
APG and RLC	***32.9***	***43.7***	***162.6***	***43.7***
Total	***85.8***	***94.4***	***368.4***	***245.2***

The operating profit per operative unit

MSEK	Oct-Dec 2007	2006	Full-year 2007	2006
North America*	**9.6**	13.7	**51.8**	40.5
Europe	**10.3**	5.1	**20.4**	18.6
Other markets	**2.3**	1.3	**6.0**	3.3
Total	**22.2**	20.1	**78.2**	62.4

** North America*				
BTS	***8.5***	***8.8***	***37.9***	***35.6***
APG and RLC	***1.1***	***4.9***	***13.9***	***4.9***
Total	***9.6***	***13.7***	***51.8***	***40.5***

North America

The operations - APG and RLC, which were acquired during 2006, are reported geographically within North America. As of the beginning of 2008, BTS, SMG and Real Learning (RLC) are merged into one organization and legal entity.

BTS

BTS' original operations in North America increased revenue during the twelve-month period by 11 per cent in local currency. The operating profit increased at the same time by 15 per cent in local currency.

Net turnover during the year, amounted to MSEK 205.8 (201.5) and the operating profit to MSEK 37.9 (35.6). The operating margin was 18 (18) per cent. Amortization on intangible assets of MSEK1.8 (1.9) is included.

Revenue increased during the fourth quarter by 15 per cent in local currency and the operating profit increased by 7 per cent. The operating margin was 16 (17) per cent. Amortization on intangible assets of MSEK 0.4 (0.5) is included. The lower margin was due to a changed product mix during the fourth quarter, which required a higher proportion of external expenses, and an increased number of employees.

APG and RLC

Net turnover for APG and RLC during the year amounted to MSEK 162.6 (-).The estimated organic growth in APG and RLC was 11 per cent in local currency. The operating profit amounted to MSEK 13.9 (-). The operating margin was 9 (-) per cent. Amortization on intangible assets of MSEK 7.6 (-) attributable to BTS' acquisitions of APG and RLC is included. EBITA amounted to MSEK 21.5 and the EBITA margin was 13 per cent.

Net turnover amounted to MSEK 32.9 (43.7) during the fourth quarter and the operating profit amounted to MSEK 1.1 (4.9). The operating margin was 3 (11) per cent. Amortization on intangible assets of MSEK 1.8 (2.2) is included. EBITA was 2.9 (7.1) and the EBITA margin was 9 (16) per cent during the fourth quarter.

Net turnover decreased in local currency by 14 per cent during the fourth quarter. The decreased turnover was due to the fact that a higher proportion of RLC' revenue is being generated from sales to BTS' clients –which is reported under BTS – and that the period of comparison is different than in 2006 (see below).

The acquisitions of APG and RLC were completed on September 25, 2006. Turnover and earnings for the acquired units in respect of the period from the acquisition date September 25, up to and including December 31, 2006, are reported in their entirety during the fourth quarter 2006, which has negatively effected growth during the fourth quarter 2007 with 8 percentage points.

APG and RLC have developed positively since the acquisition with regard to revenue, earnings and synergy effects. A gradually increasing number of business transactions have been generated during the year on different geographical markets through cross-selling between BTS and APG/RLC.

Europe

Net turnover for Europe amounted to MSEK 117.0 (113.0) during the year. Adjusted for changes in exchange rates, revenue increased by 4 per cent. The operating profit increased to MSEK 20.4 (18.6). The operating margin was 17 (16) per cent. Amortization on intangible assets of MSEK 0.7 (1.1) MSEK is included.

Net turnover, adjusted for changes in exchange rates, increased by 22 per cent during the fourth quarter and amounted to MSEK 38.0 (31.4) and the operating profit amounted to MSEK 10.3 (5.1). The operating margin was 27 (16) per cent.

Revenue and earnings in BTS Europe grew rapidly during 2005 and 2006. After three quarters with weak growth in 2007, BTS Europe returned to a positive trend during the fourth quarter, with a substantial increase in net turnover and operating profit.

Other Markets

Net turnover for Other Markets amounted to MSEK 37.8 (20.9) during the year. The operating profit amounted to MSEK 6.0 (3.3). The operating margin was 16 (16) per cent.

Net turnover, adjusted for changes in exchange rates, increased 93 per cent during the fourth quarter and amounted to MSEK 12.1 (6.0) and the operating profit to MSEK 2.3 (1.3). The operating margin was 19 (22) per cent.

Very positive growth was displayed in both Australia and South Africa during the fourth quarter. However, the operating margin was negatively impacted by market investments in South Africa which were concentrated in the fourth quarter.

Revenue from commissions in Southeast Asia has increased during the year. An office has been established in Singapore in order to develop these markets further.

Financial position

BTS' cash flow from operating activities amounted to MSEK 45.2 (41.1) during the year.

BTS' solidity was 50 (45) per cent at the end of the period.

Available cash and cash equivalents amounted to MSEK 67.5 (72.1) at year-end. The decrease in cash and cash equivalents is largely attributable to the acquisitions of APG and RLC. The Company's interest-bearing loans, which relate to these acquisitions, amounted to MSEK 62.6 at the end of the period. This is a decrease of MSEK 37.9 compared with the acquisition date. BTS' ambition is to reduce this debt in step with an anticipated positive operating cash flow.

The Company had no outstanding conversion loans at the balance sheet date.

Employees

The number of employees in BTS Group AB as of December 31 was 230 (186). The average number of employees during the period was 211 (165).

The Parent Company

The Company's net turnover amounted to MSEK 2.6 (2.4) and the profit after financial items amounted to MSEK 11.9 (12.1). Cash and cash equivalents amounted to MSEK 0 (8.5).

Outlook for 2008

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

Revised financial goals

BTS financial goals shall over time be:

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

Previously BTS financial goals where:

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

Annual General Meeting and proposed dividend

The Annual General Meeting will be held on Wednesday, May 7, 2008 at 10.00 at BTS' premises, Grevgatan 34, Stockholm.

The Board of Directors has proposed a dividend of SEK 1,20 per share.

Accounting principles

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

Future reporting dates

Annual Report 2007	Released in April 2008
Interim Report Jan – Mar	May 7, 2008
Interim Report Apr - Jun	August 20, 2008
Interim Report Jul – Sep	November 7, 2008

Stockholm, February 20, 2008

Henrik Ekelund
Chief Executive Officer

Report on Review of Interim Financial Information

We have conducted a review of the accompanying interim report for BTS Group AB for the period January 1 to December 31, 2007. The board of directors and the president are responsible for preparing this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on the interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons with responsibility for financial and accounting matters, conducting analytical and other audit checks. A review has another objective and is of considerably lesser scope, compared with the objective and scope of an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The audit checks that are carried out in a review do not enable us to obtain such a level of assurance that would make us aware of all of the material circumstances that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not provide the same level of assurance as a conclusion expressed based on an audit.

Based on our review, no circumstances have arisen that give us reason to consider that the accompanying interim financial information is not essentially prepared in accordance with IAS 34 on behalf of the Group and in accordance with the Annual Accounts Act on behalf of the Parent Company.

Stockholm, February 20, 2008

Öhrlings PricewaterhouseCoopers AB

Lars Berglund
Authorized public accountant

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INCOME STATEMENT, Summary

KSEK	3 months ended		12 months ended	
	Dec 31 2007	**Dec 31 2006**	**Dec 31 2007**	**Dec 31 2006**
Revenues	135,802	131,817	523,161	379,097
Operating expenses	-110,651	-108,355	-432,693	-309,345
Depreciation tangible assets	-548	-427	-2,174	-2,127
Amortization intangible assets	-2,420	-2,933	-10,107	-5,270
Operating result	**22,183**	**20,102**	**78,187**	**62,355**
Financial income and expenses	-963	-1,557	-5,421	-1,350
Result before tax	**21,220**	**18,545**	**72,766**	**61,005**
Taxes	-4,680	-6,941	-23,937	-22,421
Result for the period	**16,540**	**11,604**	**48,829**	**38,584**
attributable to minority interest	0	-51	0	53
attributable to equity holders of the parent	16,540	11,655	48,829	38,531
Earnings per share, before dilution of shares, SEK	0.92	0.66	2.71	2.18
Number of shares at end of the period	18,048,300	18,048,300	18,048,300	18,048,300
Average number of shares before dilution of shares	18,048,300	18,048,300	18,048,300	17,812,005
Earnings per share, after dilution of shares, SEK	0.92	0.66	2.70	2.18
Average number of shares after dilution of shares	18,074,696	18,065,411	18,074,696	17,829,116
Proposed dividend per share			1.20	1.00

BALANCE SHEET , Summary

KSEK	12/31/07	12/31/06
Assets		
Goodwill	145,093	149,873
Other intangible assets	33,048	45,213
Tangible assets	5,317	5,380
Other fixed assets	4,343	3,252
Accounts receivable	115,955	88,692
Other current assets	25,187	25,604
Cash and bank	67,473	72,054
Total assets	**396,416**	**390,068**
Equity and liabilities		
Equity	198,603	174,663
Minority shareholding	-	508
Total Equity	**198,603**	**175,171**
Non interest bearing - non current liabilities	120	388
Interest bearing - current liabilities	62,856	80,891
Non interest bearing - current liabilities	134,837	133,618
Total equity and liabilities	**396,416**	**390,068**

CASH FLOW STATEMENT, Summary

KSEK	Jan-Dec 2007	Jan-Dec 2006
Cash flow from current operations	45,219	41,120
Cash flow from investment activities	-5,751	-140,550
Cash flow from financing operations	-39,270	78,643
Change in liquid funds	**-4,581**	**-29,091**
Liquid funds, opening balance	72,054	101,145
Liquid funds, closing balance	**67,473**	**72,054**
Effect of exchange rate changes on cash	-4,779	-8,304

CHANGES IN EQUITY
KSEK

	Total Equity 12/31/07	Total Equity 12/31/06
Opening balance	175,171	151,873
Dividend to shareholders	-18,048	-16,218
Conversion differences	-8,073	-15,089
Change minority interest	-508	-
New share issue	-	14,587
Miscellaneous	1,232	1,434
Result for the period	48,829	38,584
Closing balance	198,603	175,171

KEY RATIOS	**3 months ended**		**12 months ended**	
	Dec 31 2007	**Dec 31 2006**	**Dec 31 2007**	**Dec 31 2006**
Revenues, KSEK	135,802	131,817	523,161	379,097
EBITA (Earnings before interest, tax and amortisation), KSEK	24,602	23,035	88,294	67,625
EBIT (Operating result), KSEK	22,183	20,102	78,187	62,355
EBITA-margin (Earnings before interest, tax and amortisation margin), %	18	17	17	18
EBIT-margin (Operating margin), %	16	15	15	16
Profit margin, %	12	9	9	10
Operational capital, KSEK			193,896	184,008
Return on equity, %			26	24
Return on operational capital, %			41	53
Solidity at end of the period, %	50	45	50	45
Cash flow, KSEK	29,631	11,318	-4,581	-29,091
Liquid funds at end of the period, KSEK	67,473	72,054	67,473	72,054
Average number of employees	225	168	211	165
Number of employees at end of the period	230	186	230	186
Revenues for the year per employee, KSEK			2,479	2,298

DEFINITIONS

Earnings per Share
Earnings attributable to the parent company´s shareholders divided by number of shares

EBITA margin (Earnings before interest, tax and amortisation margin)
Operating result before interest, tax and amortisation as a percentage of revenues.

EBIT margin (Operating margin)
Operating result after depreciation as a percentage of revenues.

Profit Margin
Result for the period as a percentage of revenues.

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

Return on Equity
Result for the period as a percentage of average equity.

Return on Operational Capital
Operating result as a percentage of average operational capital.

Solidity
Equity as a percentage of total balance sheet.

Organic Growth
Growth excluding acquisitions