

BTS Group AB (publ)

Interim Report 1 January - 30 June 2007

Continued good growth in revenues and earnings

- Net turnover increased during the first half-year by 55 percent and amounted to MSEK 265.4 (171.5). Adjusted for changes in exchange rates, growth was 66 percent. The organic growth for BTS, adjusted for changes in exchange rates, was 13 percent during the first half-year.
- Net turnover increased by 52 percent during the second quarter to MSEK 141.7 (93.5). Adjusted for changes in exchange rates, growth was 60 percent.
- Earnings for the first half-year:
 - the operating profit before amortization on intangible assets (EBITA) increased by 40 percent to MSEK 47.6 (34.1)
 - the operating margin before amortization on intangible assets (EBITA – margin) amounted to 18 (20) percent
 - the operating profit increased by 30 percent to MSEK 42.4 (32.6)
 - the operating margin amounted to 16 (19) percent
 - profit before tax increased by 20 percent to MSEK 39.5 (33.0)
 - profit after tax increased by 16 percent to MSEK 24.5 (21.1)
 - earnings per share amounted to SEK 1.35 (1.19)
- Earnings for the second quarter:
 - the operating profit before amortization on intangible assets (EBITA) increased 41 percent to MSEK 29.5 (20.9)
 - the operating margin before amortization on intangible assets (EBITA – margin) amounted to 21 (22) percent
 - the operating profit increased by 34 percent to MSEK 26.9 (20.1)
 - the operating margin amounted to 19 (21) percent
 - profit before tax increased by 25 percent to MSEK 25.3 (20.2)
 - profit after tax amounted to MSEK 15.9 (12.8)
- New customers secured during the first half-year included ABN AMRO, Euskaltel, Freescale, InBev, Kimberly-Clark, Marsh, Palm Computer, Procter & Gamble, Siemens, Sony BMG and Waste Mangement among others.

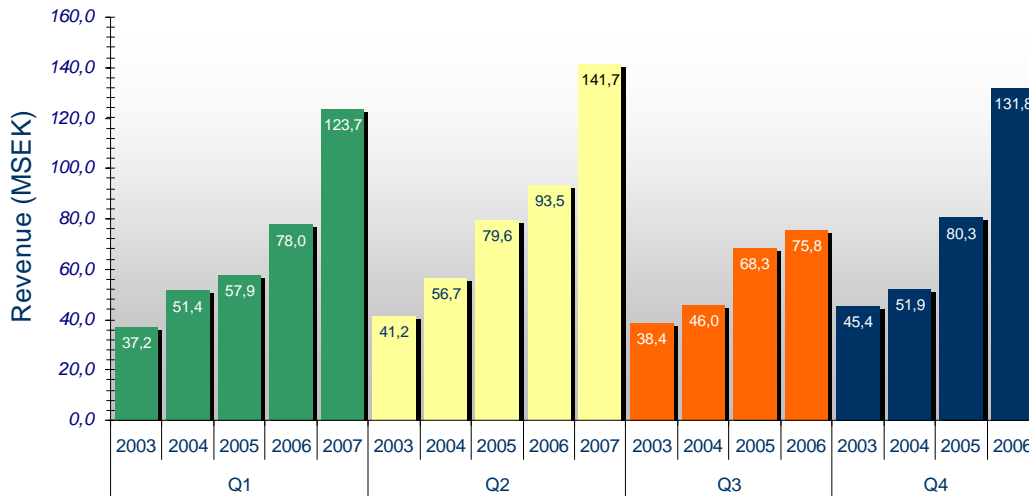
BTS Group AB is an international consultancy and training company active in the field of business acumen. BTS uses tailor-made simulation models to support company managers in implementing change and improving profitability. BTS solutions and services train the entire organization to analyze and to take 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 55 percent during the first half-year and amounted to MSEK 265.4 (171.5). Adjusted for changes in exchange rates, growth was 66 percent.

Growth was primarily 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 13 percent.



Earnings

The operating profit increased by 30 percent to MSEK 42.4 (32.6) during the first half-year. The operating profit during the first half-year was affected by MSEK 5.2 (1.5) for amortization of intangible assets attributable to acquisitions. The operating profit before amortization on intangible assets (EBITA) increased by 40 percent and amounted to MSEK 47.6 (34.1).

The improvement in earnings during the first half-year was primarily generated through the acquisitions of RLC and APG as well as improved earnings in BTS North America and BTS Other Markets.

The operating margin was 16 (19) percent. The decrease of the margin was due to increased amortization on intangible assets, acquired operations with lower margin levels, as well as a margin deterioration in BTS Europe. The operating margin before amortization on intangible assets (EBITA margin) was 18 (20) percent.

The Group's profit before tax for the first half-year increased by 20 percent to MSEK 39.5 (33.0). The interest expenses during the first half-year amounted to MSEK 3.2 (0.2).

The operating profit on a rolling 12-month basis amounted to MSEK 72.2 (55.6) and the operating margin was 15 (17) percent on a rolling 12-month basis.

The second quarter

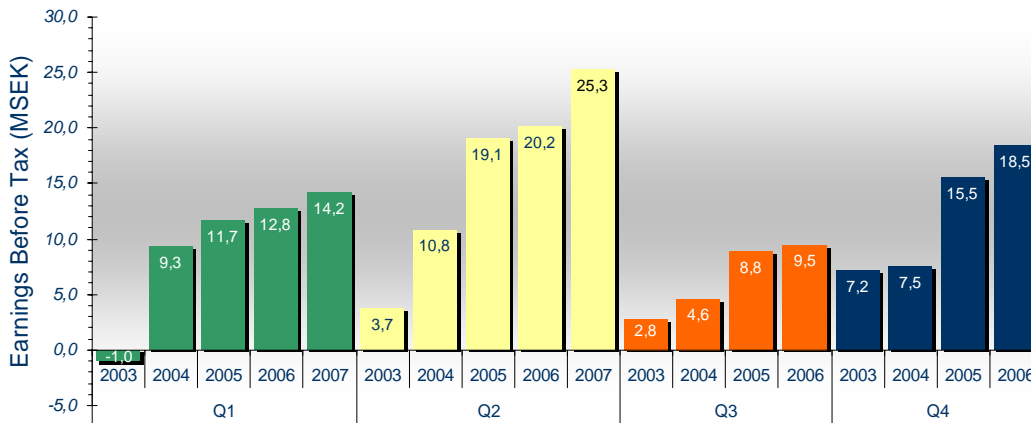
BTS' net turnover increased by 52 percent during the second quarter and amounted to MSEK 141.7 (93.5). Adjusted for changes in exchange rates, turnover increased by 60 percent during the second quarter.

The improvement in earnings has accelerated during the second quarter. The operating profit increased by 34 percent to MSEK 26.9 (20.1) during the second quarter. The operating profit during the second quarter was affected by MSEK 2.6 (0.8) for amortization of intangible assets attributable to acquisitions. The operating profit before amortization on intangible assets (EBITA) increased by 41 percent and amounted to MSEK 29.5 (20.9).

The improvement in earnings during the second quarter was primarily generated through the acquisitions of RLC and APG as well as improved earnings in BTS North America and BTS Other Markets.

The operating margin was 19 (21) percent. The operating margin before amortization on intangible assets (EBITA margin) was 21 (22) percent.

The Group's profit before tax increased by 25 percent to MSEK 25.3 (20.2) for the second quarter. The interest expenses amounted to MSEK 1.7 (0.1) during the second half-year.



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. Market surveys have forecasted growth "for corporate training in business skills" of 5-8 percent annually.

Training solutions based on tailor-made simulations have proved to be superior to conventional training as regards both efficiency and results – which explains why clients are increasingly choosing solutions of this kind. BTS' opinion is that the market segment for training based on simulation technology will grow more rapidly than the market in general.

BTS' services and products have shown good growth during 2007 in this market. This trend is expected to continue during the rest of the year.

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. BTS is expected to continue to capture market shares from players such as other training and management consultants and business schools and positions itself as the most effective partner to assist companies implement strategic changes.

BTS' growth

BTS' growth strategy is based on organic growth through the expansion of existing offices, geographic expansion through opening new offices and continuous new product development. During recent years this strategy has been complemented by growth through acquisitions.

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

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.

BTS has created the most comprehensive offering of tailored simulation solutions on the market. 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.

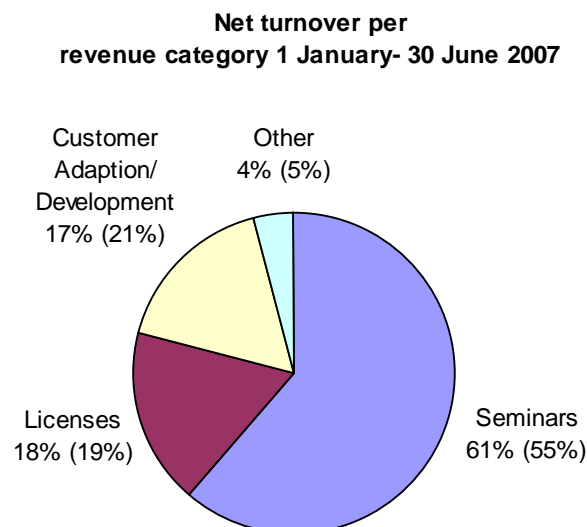
In recent years, BTS has also grown through successful acquisitions; all acquisitions have developed well at BTS. As the market is fragmented, BTS sees continued opportunities for profitable acquisitions.

Assignments and new clients

New clients secured during the first half-year included ABN AMRO, Bank of Oklahoma, Euskaltel, Flour, Freescale, Hay Group, InBev, Kimberly-Clark, Marsh, NetJets, Palm Computer, Procter & Gamble, Siemens, Sime Darby, Sony BMG, Spirit Aerospace, Time Warner Cable and Waste Management among others.

Revenue Distribution

Distribution of revenue as shown below:



Operative units

Net turnover per operative unit

	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	rolling 12-month	Full-year
MSEK	2007	2006	2007	2006	2006/2007	2006
North America*	99.3	54.4	193.0	102.7	335.5	245.2
Europe	32.5	34.6	57.3	60.2	110.1	113.0
Other markets	9.9	4.5	15.1	8.6	27.4	20.9
Total	141.7	93.5	265.4	171.5	473.0	379.1

* North America

<i>BTS</i>	56.9	54.4	106.5	102.7	205.3	201.5
<i>APG and RLC</i>	42.4	-	86.5	-	130.2	43.7
Total	99.3	54.4	193.0	102.7	335.5	245.2

The operating profit per operative unit

	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	rolling 12-month	Full-year
MSEK	2007	2006	2007	2006	2006/2007	2006
North America*	18.3	12.1	31.7	19.9	52.3	40.5
Europe	6.8	7.5	9.3	12.4	15.5	18.6
Other markets	1.8	0.5	1.4	0.3	4.4	3.3
Total	26.9	20.1	42.4	32.6	72.2	62.4

* North America

<i>BTS</i>	14.5	12.1	22.8	19.9	38.5	35.6
<i>APG and RLC</i>	3.8	-	8.9	-	13.8	4.9
Total	18.3	12.1	31.7	19.9	52.3	40.5

North America

The operations - APG and RLC, which were acquired during 2006, are reported geographically within North America.

BTS

The revenues for BTS' original operations in North America increased during the first half-year by 13 percent in local currency. The operating profit increased at the same time by 16 percent in local currency.

Net turnover amounted to MSEK 106.5 (102.7) during the first half-year and the operating profit amounted to MSEK 22.8 (19.9). The operating margin was 21 (19) percent. Included is amortization on intangible assets amounting to MSEK 0.9 (1.0).

Net turnover amounted to MSEK 56.9 (54.4) during the second quarter and the operating profit amounted to MSEK 14.5 (12.1). The operating margin was 25 (22) percent. Included is amortization on intangible assets amounting to MSEK 0.4 (0.4).

APG and RLC

Net turnover for APG and RLC amounted to MSEK 86.5 (-) during the first half-year. The estimated organic growth in APG and RLC compared with the same period of the previous year is 12 percent. The operating profit amounted to MSEK 8.9 (-). The operating margin was 10 (-) percent. Included is amortization on intangible assets amounting to MSEK 3.9 (-).

Net turnover amounted to MSEK 42.4 (-) during the second quarter and the operating profit amounted to MSEK 3.8 (-). The operating margin was 9 (-) percent. Included is amortization on intangible assets amounting to MSEK 1.9 (-).

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

Europe

Net turnover for Europe amounted to MSEK 57.3 (60.2) during the first half-year. Adjusted for changes in exchange rates, revenue decreased by 5 percent. The operating profit decreased to MSEK 9.3 (12.4). The operating margin was 16 (21) percent. Included is amortization on intangible assets amounting to MSEK 0.4 (0.6).

Net turnover amounted to MSEK 32.5 (34.6) during the second quarter and the operating profit amounted to MSEK 6.8 (7.5). The operating margin was 21 (22) percent. Included is amortization on intangible assets amounting to MSEK 0.3 (0.4).

The decrease in earnings in BTS Europe was much smaller during the second quarter than during the first quarter. During the second quarter, BTS Nordic saw a positive earnings trend – in line with that predicted in earlier interim reports – but three other units in BTS Europe displayed a slight earnings deterioration.

Other markets

Net turnover for Other markets amounted to MSEK 15.1 (8.6) for the first half-year. The operating profit amounted to MSEK 1.4 (0.3). The operating margin was 9 (3) per cent. Included is amortization on intangible assets amounting to MSEK 0 (0).

Net turnover during the second quarter amounted to MSEK 9.9 (4.4) and the operating profit amounted to MSEK 1.8 (0.5). The operating margin was 18 (11) percent.

The rapid growth in turnover and earnings is due to a very positive development in BTS Australia. Earnings for the second quarter were affected by a non-recurring charge of MSEK 1.0 in BTS South Africa in connection with a termination notice.

Financial position

BTS' cash flow from operating activities amounted to MSEK -14.0 (-5.3) during the first half-year. The cash flow during the first half-year corresponds well with the normal seasonal variations of BTS' cash flow, with a weaker first half-year and a stronger second half-year. The deterioration in the first quarter compared with the previous year is exclusively attributable to a reduction of current liabilities. During the second quarter, the cash flow from operating activities amounted to MSEK 14.0 (18.6). The deterioration during the second quarter was caused by increases in tied up working capital as a consequence of greater turnover and due to the fact that a relatively large proportion of the invoicing took place during the second half of the quarter. The cash flow from operating activities is expected to improve considerably during the remainder of the year.

BTS' solidity was 49 (69) percent at the end of the period.

Available liquid assets amounted to MSEK 30.1 (70.5) at the end of the period. The decreases in solidity and liquid assets are largely attributable to the acquisitions of APG and RLC on 25 September 2006.

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

Employees

The number of employees in BTS Group AB as of 30 June was 206 (159). The average number of employees during the period was 200 (154).

The Parent Company

The Company's net turnover amounted to MSEK 0 (1.3) and the profit after financial items amounted to MSEK 2.9 (9.1). Liquid assets amounted to MSEK 0 (13.9).

Outlook for 2007

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

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

Interim report January – September
Year-end report

8 November 2007
February 2008

Stockholm, 22 August 2007

Henrik Ekelund
Chief Executive Officer

This report has not been the subject of separate examination by BTS' auditor.

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This is a translation of the Swedish version

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INCOME STATEMENT, Summary

KSEK	3 months ended		6 months ended		12 months ended	
	June 30	June 30	June 30	June 30	June 30	Dec 31
	2007	2006	2007	2006	2007	2006
Revenue	141 748	93 474	265 453	171 510	473 040	379 097
Operating expenses	-111 722	-72 087	-216 706	-136 276	-389 775	-309 345
Depreciation tangible assets	-496	-542	-1 119	-1 093	-2 153	-2 127
Amortization intangible assets	-2 554	-769	-5 175	-1 575	-8 870	-5 270
Operating result	26 976	20 076	42 453	32 566	72 242	62 355
Financial income and expenses	-1 699	107	-2 955	441	-4 746	-1 350
Result before tax	25 277	20 183	39 498	33 007	67 496	61 005
Taxes	-9 385	-7 391	-15 046	-11 918	-25 549	-22 421
Result for the period	15 892	12 792	24 452	21 089	41 947	38 584
attributable to minority interest	-	-	-	11	42	53
attributable to equity holders of the parent	15 892	12 792	24 452	21 078	41 905	38 531
Earnings per share, before dilution of shares, SEK	0,88	0,72	1,35	1,19	2,32	2,13
Number of shares at end of the period	18 048 300	17 691 900	18 048 300	17 691 900	18 048 300	18 048 300
Average number of shares before dilution of shares	18 048 300	17 691 900	18 048 300	17 691 900	18 048 300	18 048 300
Earnings per share, after dilution of shares, SEK	0,88	0,72	1,35	1,19	2,31	2,16
Average number of shares after dilution of shares	18 114 361	17 696 080	18 114 361	17 696 080	18 114 361	17 829 116
Dividend per share						1,00

BALANCE SHEET, Summary

KSEK	06-30-07	06-30-06	12-31-06
Assets			
Goodwill	152 612	33 825	149 873
Other intangible assets	40 149	12 558	45 213
Tangible assets	4 846	5 343	5 380
Other fixed assets	3 814	2 271	3 252
Accounts receivable	109 131	71 192	88 692
Other current assets	27 680	19 083	25 604
Cash and bank	30 134	70 482	72 054
Total assets	368 366	214 754	390 068
Equity and liabilities			
Equity	182 171	147 604	174 663
Minority shareholding	-	463	508
Total Equity	182 171	148 067	175 171
Non interest bearing - non current liabilities	43	132	388
Interest bearing - current liabilities	83 823	-	80 891
Non interest bearing - current liabilities	102 329	66 555	133 618
Total equity and liabilities	368 366	214 754	390 068

CASH FLOW STATEMENT, Summary

KSEK	Jan-Jun 2007	Jan-Jun 2006	Jan-Dec 2006
Cash flow from current operations	-13 970	-5 344	41 120
Cash flow from investment activities	-4 604	-2 527	-140 550
Cash flow from financing operations	-23 614	-17 296	78 643
Change in liquid funds	-41 920	-30 663	-29 091
Liquid funds, opening balance	72 054	101 145	101 145
Liquid funds, closing balance	30 134	70 482	72 054
Effect of exchange rate changes on cash	268	-5 496	-8 304

**CHANGES IN EQUITY
KSEK**

	Total Equity 06-30-07	Total Equity 06-30-06	Total Equity 12-31-06
Opening balance	175 171	151 873	151 873
Dividend to shareholders	-18 048	-16 218	-16 218
Conversion differences	375	-9 155	-15 089
Change minority interest	-508	-	-
New share issue	-	-	14 587
Miscellaneous	729	478	1 434
Result for the period	24 452	21 089	38 584
Closing balance	<u>182 171</u>	<u>148 067</u>	<u>175 171</u>

KEY RATIOS

	Apr-Jun		Jan-Jun		12 months ended	
	2007	2006	2007	2006	June 30 2007	Dec 31 2006
Revenue, KSEK	141 748	93 474	265 453	171 510	473 040	379 097
EBITA (Earnings before interest, tax and amortisation), KSEK	29 530	20 845	47 628	34 141	81 112	67 625
EBIT (Operating result), KSEK	26 976	20 076	42 453	32 566	72 242	62 355
EBITA-margin (Earnings before interest, tax and amortisation margin), %	21	22	18	20	17	18
EBIT-margin (Operating margin), %	19	21	16	19	15	16
Profit margin, %	11	14	9	12	9	10
Operational capital, KSEK	235 861	78 397	235 861	78 397	235 861	184 008
Return on equity, %	34	33	27	28	23	24
Return on operational capital, %	11	25	20	50	34	53
Solidity at end of the period, %	49	69	49	69	49	45
Cash flow, KSEK	-2 890	-4 325	-41 920	-30 663	-40 348	-29 091
Liquid funds at end of the period, KSEK	30 134	70 482	30 134	70 482	30 134	72 054
Average number of employees	205	157	200	154	182	165
Number of employees at end of the period	206	159	206	159	206	186
Revenue per employee, KSEK					2 599	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 (converted into whole year) as a percentage of average equity.

Return on Operational Capital

Operating result as a percentage of average operational capital.

Solidity

Equity as a percentage of total balance sheet.

Organic Growth

Growth excluding acquisitions