



2008

ANNUAL REPORT

BTS GROUP AB (PUBL)

 **BTS**

Catalysts for Profitability and Growth

BTS in Brief

The BTS Group is an international consulting and learning company

BTS is the world leader in customized business simulations and other discovery learning solutions that enable leading corporations to change, grow and succeed. We partner with our clients to develop the mindset and capabilities that their people need to accelerate change and to improve business results.

BTS has more than 250 highly talented professionals serving over 400 clients, including more than 50 of the US Fortune 100 companies and 25 of the Global Fortune 100 world’s largest corporations.

BTS is a global organization with 19 offices in North America, Latin America, Europe, Asia, Australia and South Africa.

Vision: The World’s No.1 Learning & Development Consultancy — innovating how companies change, learn and improve.

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

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

BTS make sure this delivers superior results and ROI through:

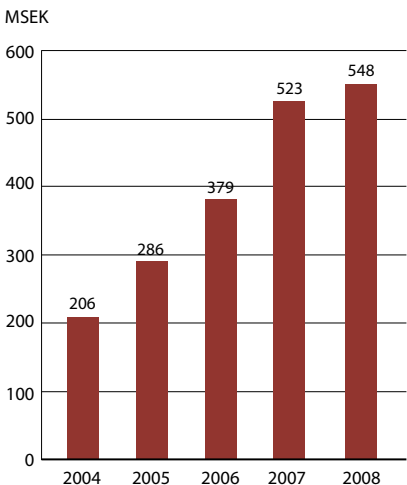
- Discovery-based solutions - “Learning by doing” — the most effective way to learn and change.
- In-depth customization — to what is relevant and actionable on the job.
- A comprehensive process that secures and measures the results.

Global corporations as our customers

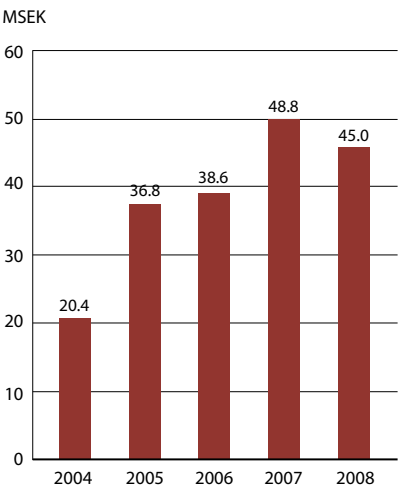
BTS currently works with more than 400 companies around the world that operate mainly in sectors of Manufacturing, Telecom, IT, Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution Fast Moving Consumer Goods (FMCG) and Energy. More than 25 of the world’s largest 100 corporations measured by market capitalization are BTS customers. Examples of our customers are:

Accenture	Cisco	Humana	Schlumberger	Unilever
AT&T	Coca-Cola	KPMG	Sony	Vattenfall
Autodesk	Energy Australia	Microsoft	Telefonica	Vodafone
BBVA	Ericsson	Nokia	Telstra	Xerox
BG	GAP	Norway Post	Texas Instruments	
Carlsberg	HP	Roche	Toyota	

BTS’ Revenues 2004-2008



BTS’ Profit after tax 2004-2008

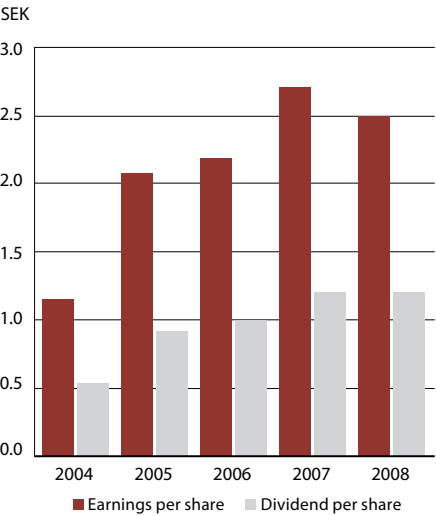


2008 in Brief

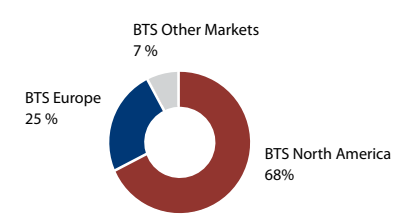
- Net turnover during the year increased by 5 percent and amounted to MSEK 548.4 (523.2). Adjusted for changes in exchange rates, growth was 8 percent.
- The acquired business of APG declined 21 percent in local currency, whereas BTS excluding APG, adjusted for changes in exchange rates, grew 19%.
- Operating profit before amortization on intangible assets (EBITA) decreased by 10 percent to MSEK 79.8 (88.3).
- Profit before tax decreased by 7 percent to MSEK 67.6 (72.8).
- Profit after tax decreased by 8 percent to MSEK 45.0 (48.8).
- Demand for BTS’ services continued to be positive on all markets, apart from APG which developed negatively and experienced considerably weaker demand during the year. Demand for general consulting- and learning services declined during the second half of the year, but demand for BTS services continued to develop positively, and increased during the same period.
- Cross selling between BTS and the acquired company RLC continued to develop positively and increased significantly compared to 2007.
- New clients acquired during the year included: Alcoa, ConocoPhilips, Deloitte, Exportrådet, Ferrovial, Invitrogen, Leighton Mining, Logica, Mattel, Metso Minerals, National Foods, Publicis Group, Repsol and Subaru North America.
- A new BTS offices was opened in Mexico City.

Key Ratios	2008	2007
Net turnover, MSEK	548.4	523.2
EBITA, MSEK	79.8	88.3
Operating profit, MSEK	70.5	78.2
Profit before tax, MSEK	67.6	72.8
Profit after tax, MSEK	45.0	48.8
EBITA margin, %	15	17
Operating margin, %	13	15
Profit margin, %	8	9
Operational capital, MSEK	266.9	193.9
Return on equity, %	20	26
Return on operational capital, %	31	41
Solidity at the end of the year, %	56	50
Cash flow from current operations, MSEK	32.3	45.2
Cash flow, MSEK	-1.6	-4.5
Liquid funds at the end of the year, MSEK	65.9	67.5
Average number of employees	249	211
Number of employees at the end of the year	267	230
Net turnover per employee, MSEK	2.2	2.5

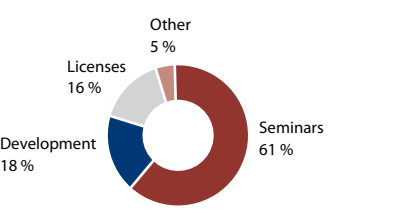
Earnings and dividend per share, SEK



Net turnover per operational unit, 2008



Net turnover by source of revenue, 2008



Years 2003-2005 earnings per share and dividend per share have been adjusted by a correction factor of 0,3333 due to the split 3:1 in May 2006.

BTS 2008



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



Catalysts for Profitability and Growth

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Words from the CEO

The quests to improve productivity and drive change are stronger than ever in our globally connected economy. In order to execute rapidly and effectively, companies need tools for execution of change and learning that work.

2008 – One major success, one headache

Our revenues grew 5 percent in 2008, but operating profit (EBIT) declined by 10 percent. This was our first profit decline after five years of average yearly profit growth of 66 percent.

However, the results for 2008 are a combination of one success and one headache. BTS' original business grew revenues by 19 percent (currency adjusted) and operating earnings by 3 percent. But APG, acquired by BTS in 2006, proved to be a headache with a decline in revenues of 21 percent and of 78 percent in operating profit.

We are satisfied with the success of "old BTS" during 2008, and we are working hard to turn APG around.

2008 highlights

Some of our other key achievements during 2008:

- 51 new customers – examples of new strategic engagements include:

National Foods, Pfizer, Repsol, Invitrogen and SAB Miller.

- Several new significant projects from existing customers, continuing into 2009 – for example from Telstra, AT&T, Ericsson, Unilever and Standard Bank.
- Product development - a large number of new solutions with great potential; The Sales Accelerator, Time-effective On-Boarding, Safety Leadership and Risk Management are just a few examples of key developments last year.
- Opening of new markets - expansion through our new offices in Singapore and Mexico.

- Enhanced productivity in our core processes; with continuous efficiency improvements and the implementation of integrated enterprise-wide systems.
- The Sales and Leadership Practices – which have been developed based on Intellectual Property and talent acquired in The Real Learning Company and SMG – more than doubled their revenues through cross-selling within BTS.



Why BTS continues to win market share

The quests to improve productivity and drive change are stronger than ever in our globally connected economy. In order to execute rapidly and effectively, companies need tools for execution of change and learning that work.

Traditional learning comes in formats like lectures, power point presentations, binders and group discussions. These can be interesting and stimulating exercises, but the necessary results are not delivered; the job doesn't get done.

The job gets done when the participants and the learners change their business behavior leading to positive business results. Research shows that such results are achieved when adults learn by doing through practical exercises in an environment closely connected to their job, while having a clear goal and motivation to change. The BTS' approach works in harmony with these wellresearched principles of success.

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

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

This is why companies like Accenture, Nokia, Microsoft and Unilever choose to work with BTS to accelerate change and improve business results.

Our growth track record and growth strategy

During the last five years, BTS' revenues have grown by 28 percent per year and operating profit has grown 66 percent per year. The organic growth has averaged 17 percent 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 have carried out strategic acquisitions on a fragmented market
- Our organization and people are the best in the industry

BTS has the customer base, solution-portfolio and organization to continue to grow. Our market penetration is still low. The foundation and majority of our growth is organic – expansion of existing offices, geographical expansion in the form of new offices and continuous development of new products and solutions.

Our recession strategy

The current recession is severe and will have an impact on our customers and therefore BTS. However, our goal is to continue to perform strongly during the recession.

BTS is well-positioned to meet the challenges of the recession for the following three reasons:

1. We have a diversified customer base.
2. We have few customers in the hardest hit sectors.
3. Our projects are normally of a strategic and long-term nature for our customers.

“BTS has the customer base, solution portfolio and organization to continue to grow. Our market penetration is still low. The foundation and majority of our growth is organic - expansion of existing offices, geographical expansion in the form of new offices and continuous development of new products and solutions.”

“Our current vision is to become The World’s No. 1 Learning & Development Consultancy - innovating how companies change, learn and improve”.

Nevertheless – BTS is also exposed to the market downturn and is feeling the repercussions in terms of cancelled and postponed projects. Our recession strategy is based on two key factors; our low market share and our highly competitive offering. This gives us many opportunities to win new business to offset the impact of the recession.

- We are focusing our resources on highly prioritized accounts, where we see growth opportunities through the recession.
- This strategy worked well in “old BTS” during 2008 generating growth of 18 percent, and even during the challenging Q4 where we achieved growth of 11 percent. And it continues to work successfully into 2009.
- Furthermore, our plan is to exploit other opportunities that the recession creates - we plan to hire great talent and win new accounts as well as sharpen our internal processes and efficiencies.

APG’s performance has suffered to a greater degree from the recession, due to its customer and product mix. APG’s management is pursuing a program focused on marketing, sales, and training aimed at turning the business around.

New markets

In recent years we have expanded in new markets – Australia, Asia and Latin America – with new offices and rapid

revenue growth. Notwithstanding the recession, we see significant growth opportunities in these markets for BTS; and our plans include establishing new offices during the coming years.

A solid financial position

BTS has a positive net cash position, and a strong solidity of 56 percent. Our loans are of a long-term character and are amortized according to a 6-year plan through our strong cash flow. Our good-will assets are holding their value well, due to the strong performance of the acquired Real Learning Company.

The major world currency trends indicate a positive impact for BTS during 2009, since we generate most of our revenues in dollars and euro. The current US dollar rate, which last year represented 67 percent of our revenues, is during the first quarter of this year 34 percent over last year’s dollar rate.

Our Vision

When BTS was founded in the mid-1980s, we set a vision to become “The World leader in business simulations”. We achieved that vision in 2004.

Our current vision is to become “The World’s No. 1 Learning & Development Consultancy – innovating how companies change, learn and improve”.

This 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 accomplish this vision.

Outlook

We have a long history demonstrating our capacity for achieving sustainable organic growth. The recession is creating significant challenges and opportunities. Our recession strategy is yielding good results.

Due to the overall economic situation the assessment for 2009 is more uncertain than usual. The result before tax is expected to be in line with the previous year.

Stockholm, April 2009



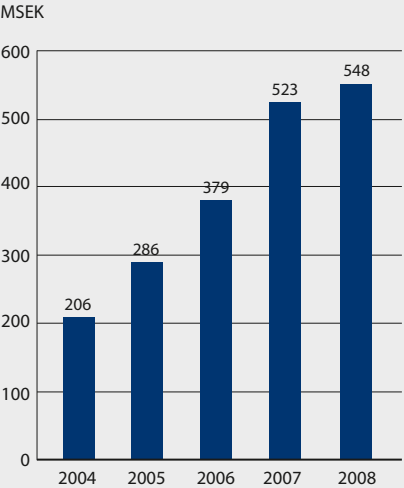
Henrik Ekelund
President and CEO of BTS Group AB (publ)

“Our recession strategy is based on two key factors; our low market share and our highly competitive offering. This gives us many opportunities to win new business to offset the impact of the recession. We are focusing our resources on highly prioritized accounts, where we see growth opportunities through the recession.”

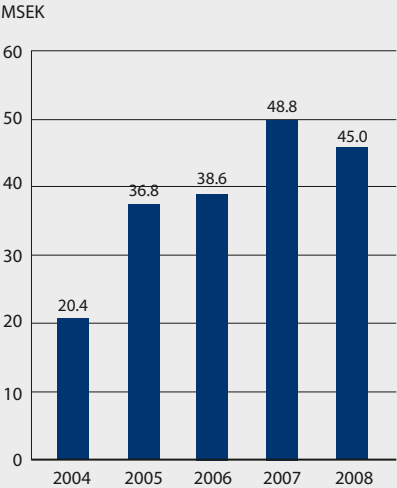
BTS Worldwide

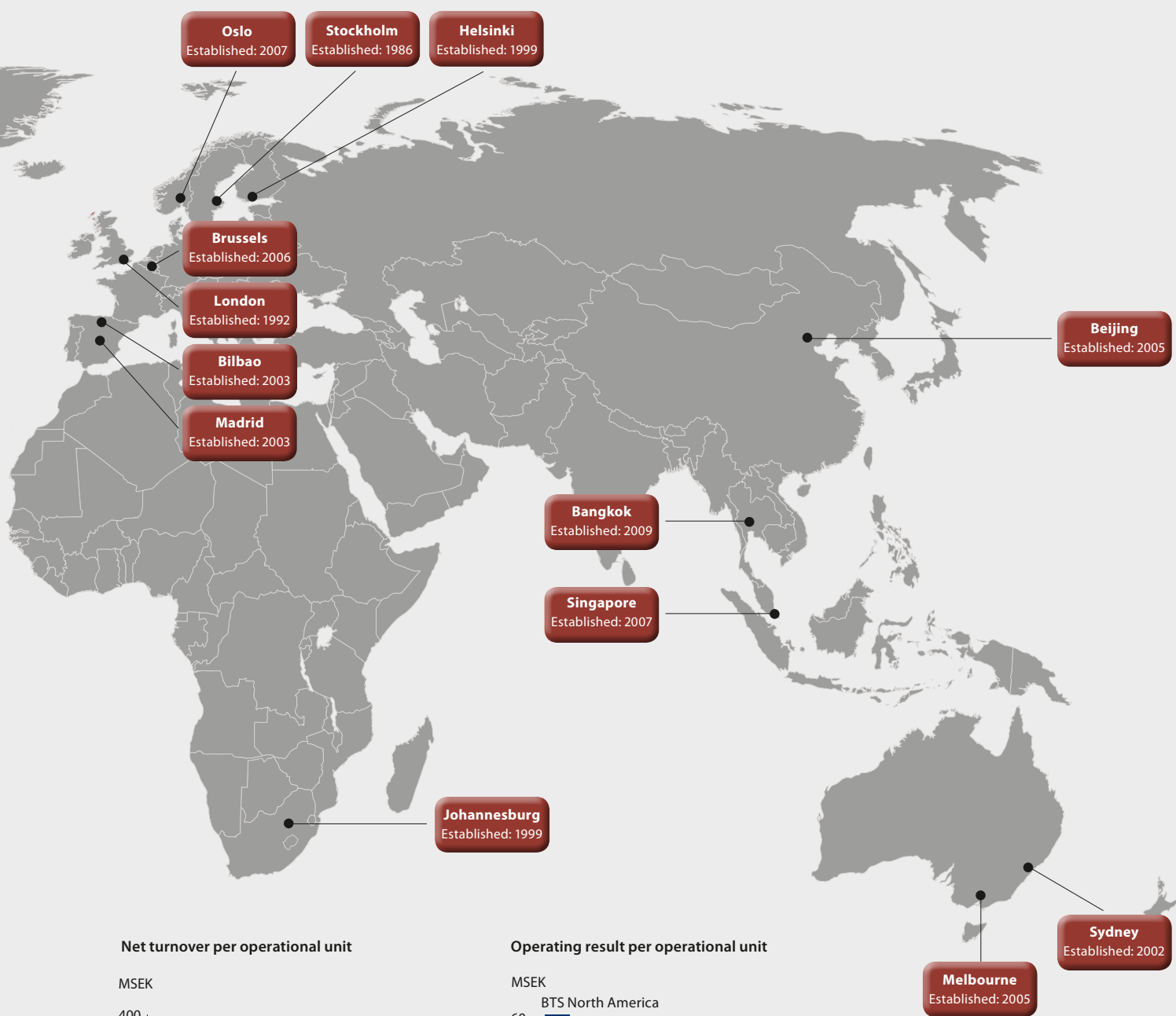


BTS' Revenues 2004-2008

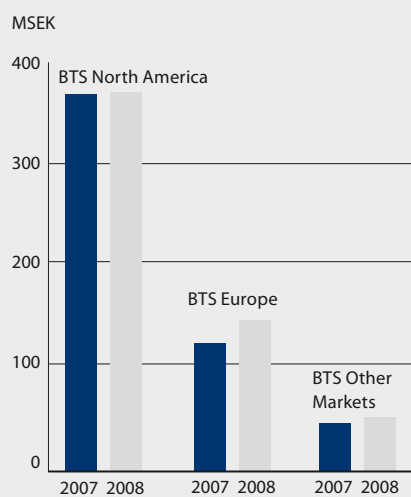


BTS' Profit after tax 2004-2008

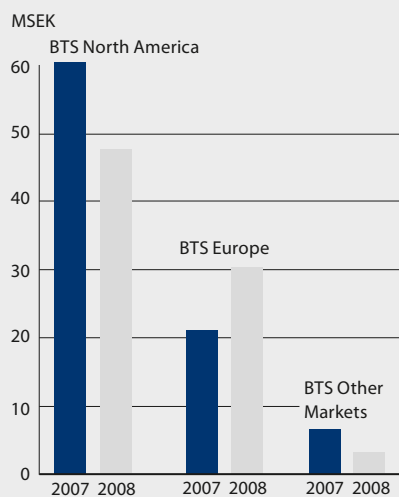




Net turnover per operational unit



Operating result per operational unit



Vision, Mission, Value Proposition, Goals, and Strategies



OUR VISION

The World's No.1
Learning & Development
Consultancy – innovating how
companies change, learn and
improve.

OUR MISSION

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



Value Proposition

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

We make sure this delivers superior results and ROI through:

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

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.

The BTS Group's Eleven Strategic Principles:

1. Focus

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

2. Internationalization

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

3. Organic growth complemented by acquisitions

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

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

4. 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 & highly visible results and strong customer relations.

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

5. Differentiation – higher value & premium position

BTS' services are differentiated through superior business results and ROI. The

most common differentiation factors for BTS are:

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

6. Offer solutions and IP – not sell time

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

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

7. Network-oriented sales and marketing

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

Our priorities:

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

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

BTS owns and sources internally:

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

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

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

9. 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.

We combine two approaches:

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

10. Innovate!

And develop close to the customer

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

11. The people and the company spirit

BTS' professionals are all very visible to the client and the spirit is a main driver of client satisfaction. BTS 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.

Why should a company buy from BTS?

Customer Cases

ABI

(SOUTH AFRICAN BREWERIES BOTTLER IN AFRICA)

"How do we get our Sales people to execute everyday to capture consumer occasions and opportunities?"

Strategy Execution all the way to the Customer

ABI is South African Breweries' (SAB Miller) bottler in Africa and Coke's largest bottler by volume in South Africa. SAB Miller is also Coke's third largest bottler in the World. The aim of this 2-day program for all front-line salesforce employees is to create a clear understanding of Right Execution Daily (RED), by ensuring that all participants have a shared vision for execution and are equipped to achieve the execution standards, as defined by the company, so that value is created for their customers, consumers and ABI.

A participant best summarized the impact by saying, *"I knew the information, but we could not implement since I didn't know the 'how to'. I now feel empowered after this program!"*

ACCENTURE

"How can the support functions be energized to drive strategic business results?"

Building Business Acumen and Strategy Execution. Delivered

As a result of a transition from a partnership to a corporate structure, Accenture's support functions - the Enterprise workforce - faced an urgent and compelling need to understand Accenture's business strategy; how this business strategy was relevant to their function and how to implement the strategy efficiently. BTS created a computer-based version of Accenture's business - the scale and effects of decisions mirrored the size and complexity of the company's business - so that managers could viscerally experience the challenge of running one of the world's largest consulting and outsourcing companies.

Results: To date 2/3 of the workforce has attended the program, returning a top-ten rating (against 22,000 learning assets), showing 10-20% improvement against program objectives, and yielding impressive application results three months after the workshops. At Accenture demand for a "single player" version resulted in an online creation by BTS so that the mobile workforce could also benefit from this engagement. More than 1,500 users have completed this four-hour, online simulation. Accenture & BTS won the "Brandon Hall (Gold) Award" and Training Magazine's "Technology in Action Award" for this project.



COCA-COLA ENTERPRISES

"How do you create an on-boarding process that improves time-to-productivity while not taking employees out of the workplace for lengthy training sessions?"

Increasing new employee efficiency through a better on-boarding process

Coca-Cola Enterprises is the world's largest marketer, producer and distributor of Coca-Cola products. CCE engaged BTS to develop CCE Pathway – a blended learning solution that leverages engage maps, e-learning and experiential peer coaching activities. Through this process, all new front line employees receive a structured and standardized "on the job" training process which ensures that they learn the key skills and knowledge necessary to be productive within 2-4 weeks.

Results: The unique program design allowed CCE to cost effectively deploy the solution to the entire North American Business Unit with no travel costs or time away from the job and more importantly – significantly reduced the time-to-productivity for new employees.

CYTEC

"How do we recruit, develop and retain talent to be effective now and prepare the future leaders of the organization?"

Improving bench strength for leadership talent

In collaboration with Cytec Specialty Chemicals, BTS created two leadership development curricula: one for highly talented graduates and early career leaders, and the other for senior management. The content of both initiatives was specifically designed to meet the respective target audience's needs with regard to personal and leadership development. The defined leadership competencies and corporate culture of Cytecs Specialty Chemicals were an integral part of the curriculum. To maximize the learning and engagement of participants, BTS employed a broad mix of experiential learning formats including simulations, EngageMaps, on-line exercises, and project assignments.

"I was extremely pleased with the contribution that BTS made to both our "New Leader" and "Advanced Leader Development" programs. Beginning with their collaboration with our organization on development of the agenda and course content, through the delivery of program materials, BTS was a great partner and a big part of making these programs such a success."

Shane D. Fleming,
Chairman of the Board, President and Chief Executive Officer Cytec Industries Inc.

HUMANA

"How can we implement new strategies throughout our sales organization to better accelerate our customers' business results?"

Cultivating Sales Leadership

Humana, one of the world's largest publicly-traded health benefits companies, partnered with BTS to develop a program that would help Humana's sales organization better accelerate their customers' business results. The integrated solution used the BTS "Advantage WaySM", a computer simulation, and "engage maps" to provide an engaging and challenging sales leadership development experience that reached the entire sales organization, from sales leaders to individual contributors.

Results: As a result of the program, Humana has seen a significant increase in annual premium revenues and renewal rates.



KIMBERLY-CLARK

"How do we give our leaders the direction and skills to accelerate shareholder value creation?"

Implementing a new measure of success

One of America's premier Consumer Goods companies partnered with BTS to teach its top 100 leaders the What, Why, and How of a new corporate metric: Total Shareholder Return. Through the simulation, leaders experienced what the metric represents, why it is crucial to the future of the company, and how the decisions they make impact results.

"The BTS business acumen simulation was a key element in the success of Kimberly-Clark's recent off-site meeting for our 'Top 100' leaders. The primary purpose of the conference was to engage our leaders in Kimberly-Clark's strategic direction and increase their understanding of shareholder value creation."

"We asked BTS to create a customized, sophisticated simulation experience that brought our key business challenges to life. The simulation BTS created exceeded our expectations. It was a hit with our senior leaders, and sustained a high degree of active engagement over the course of our 2-day conference. Many of our leaders said the simulation experience made this 'our best leadership conference yet.' Ultimately, the BTS simulation created an exciting communication platform that allowed me to quickly align Kimberly-Clark's senior team around enterprise value creation."

Thomas J. Falk, CEO, Kimberly-Clark

LEADING IT INFRASTRUCTURE COMPANY

"What is the most efficient way to get the top 1,200 managers aligned to a brand new business model and build the skills needed for executions?"

Strategy alignment of transformational business model

Working closely with the executive team, BTS co-created a simulation experience that allows the top leadership to practice running their company as a completely new business model. The business simulation illustrated how this company would look two-to-three years from today and the critical steps required to make this vision a reality.

Results: As a result, the leaders were able to align their teams and begin executing immediately. Post-simulation data shows that the leaders improved their understanding of their company's strategy from 46% to 94% and how their new financial metrics apply to their business from 26% to 91% as a result of the BTS' simulation experience. *"Not only did the BTS' simulation experience align the top 1,200 managers in the company to our new business model and key financial metrics, but the process of co-creating the simulation with BTS helped our CEO and Executive Leadership Team crystallize our strategic direction and execution steps."*

SVP HR leading IT Infrastructure Company

NATIONAL FOODS

"How can we achieve a step change in behavior and culture to improve Safety?"

Building a High Performance Safety culture

National foods is one of Australia's largest food and beverage groups, with core activities in milk, fresh dairy foods, juice and specialty cheese. National Foods required a step change in behavior and culture to enhance its safety performance. The partnership with BTS commenced with a one day workshop, involving 15 cross-functional leaders, looking within the company and developing a company-wide strategy on Safety Leadership and Behavioral Safety. This was followed by group executive sessions defining what great safety looks like.

In developing a custom board simulation BTS focused on real life examples to engage the personnel and win the hearts and minds of the participants. The program was delivered initially to the 300 leaders in the organization with employees coming away with a "life changing experience". The program gave the leaders tools to engage their people in cultural change, manage that change, and understand their roles in National Food's Safety Strategy. Teaching the participants new skills and allowing them to practice in a "safe" environment further enhanced their ability to share a genuine care for their employees and demonstrate "Felt" leadership. The intent is that 600 leaders will complete the program by 30 June 2009, and that the original program will be supplemented by modified versions for other key stakeholders (including contractors and employees).

Results: The flow-on benefits of creating a safer work environment are more engaged employees focused on reducing risk in the workplace and caring for their co-workers. The outcome of a safer work environment is a reduction in safety metrics such as LTIFr and MTIFr which drives a potential reduction in insurance premiums.



TELEFÓNICA

"How can we increase internal entrepreneurship and business acumen in the organization?"

Running our business online

Telefonica; one of the world's leading integrated telecommunication service provider, needed their first line managers to act with more entrepreneurship, while making decisions aligned with Telefonica's global strategy, in order to increase group value. To implement this quickly and in a diverse geographical and cultural environment, BTS decided to develop an online simulation which allows participants to experience what it is like managing an integrated global telecom service provider. The solution catered for different cultures and languages and is currently being launched on a global level.

THE STANDARD BANK OF SOUTH AFRICA

"How can we strengthen a customer-centric culture in our business and private banking?"

Developing a customer-centric culture

Standard Bank is the largest African full-service bank. BTS has developed an end-to-end relationship management and strategic selling program by covering several modules, tailored for Standard Bank and its industry, and is delivering this program to all employees who manage strategic relationships with high net worth individuals and businesses. The program forms the cornerstone of the bank's relationship management strategy to protect their most valuable clients in demanding financial times.

"We have been waiting for this... the curriculum really hits at the heart of our business challenges and we believe it will deliver on our strategic goals for the future..."

TEVA PHARMACEUTICALS

"How can we accelerate new and acquired employees to full productivity?"

Leveraging an Entrepreneurial Culture

Teva Pharmaceuticals brings an aggressive, entrepreneurial approach to the pharmaceutical industry, with major acquisitions every few years. BTS developed three customized "Engage Maps" for the "Foundations" program to align employees to Teva's history, culture, business model, and strategic imperatives. Initially designed to target new hires and employees coming in through acquisition, the leadership of Teva North America has decided to roll the program out to all of its existing employees.

Results: Currently the "Foundations" program is helping accelerate the acquisition of Barr Pharmaceuticals Inc., Teva's largest acquisition to date.

VODAFONE

"How can we enable project teams to be more effective in achieving a successful outcome?"

Project Leadership – Developing to world-class

BTS is helping Vodafone, the world's leading mobile telecommunication company, to align the Spanish-based employees with their project leadership culture. 500 specialists and middle managers have experienced, through different simulations, Project Leadership challenges and technical and interpersonal best practices. As part of the process, BTS has also carried out a follow up process with employees to ensure the knowledge transfer from workshop to workplace as a catalyst for organizational success.

"The simulation methodology applied really facilitates the learning process and allows us to analyze many cases and situations which frequently occur in the real world. It is helping us a lot in our day-to-day job and we are now able to apply best practices to projects"



“Large, global customers in
a wide range of industries.”



Customers

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 - 8 years or more.

Valuable client base

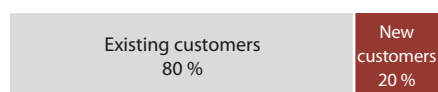
Largest companies in the world

At present, more than 400 companies trust BTS for their strategic processes to change, grow and succeed in an increasingly challenging global business environment. BTS partners with its clients to develop the mindset and capabilities that their people need to accelerate change and to 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 constant change pressure creates continuous demand for business training in almost all industries worldwide. BTS sees considerable growth potential in its existing client base.



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

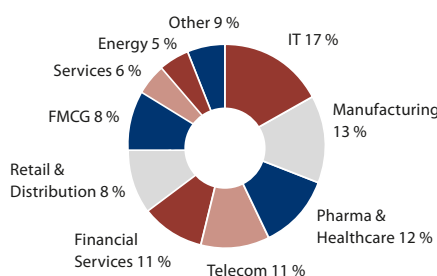
Global customers in several sectors

During the 1990s, BTS grew rapidly in the manufacturing, telecom and information technology industries - with major global customers such as Philips, Ericsson and HP, as valued customers.

During 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, 2008



The pie chart shows revenue distribution between different sectors in 2008. The importance of sectors such as Services, Pharmaceuticals & Healthcare, FMCG, Distribution and Energy has been increased through conscious investments. The "Other" category includes candidates for BTS' new growth sectors.

Some examples of BTS customers are:

Accenture
AT&T
Autodesk
BBVA
BG
Carlsberg
Cisco
Coca-Cola
Energy Australia
Ericsson
GAP
HP
Humana
KPMG
Microsoft
Nokia
Norway Post
Roche
Schlumberger
Sony
Telefonica
Telstra
Texas Instruments
Toyota
Unilever
Vattenfall
Vodafone
Xerox

IT	Telecom	Financial Services	Pharmaceuticals & Healthcare	Retail & Distribution	Manufacturing	Energy	FMCG
HP	Ericsson	BBVA	Genentech	Federated	Honeywell	BG	Coca-Cola
IBM	Telstra	Norway Post	Roche	Paperlinx	Sandvik	Vattenfall	Kraft
Microsoft	Telefonica	Bank of America	Merck	Schneider	Toyota	Iberdrola	Unilever

Practice Areas

BTS' account managers have an in-depth knowledge of our clients' businesses and their key strategic priorities. As we have grown over the years, we have considerably broadened our capability.

In order to leverage our vast expertise and deliver exceptional client value, our account managers draw from three key practice areas: Strategic Alignment & Business Acumen, Leadership & Management, and Sales.

We have many years of expertise in thought leadership as well as a proven track record of delivering results within each of these three practice areas. BTS invests in talent, product development and innovative learning technologies in the practice areas, and our structure means that we are close to the most important issues for the long-term success of our client base.

1 Strategic Alignment & Business Acumen

Strategic Alignment & Business Acumen Practice

With more than two decades of experience partnering with the world's largest companies, BTS is the leader in aligning organizations with strategies and building the business acumen needed for successful execution.

From consulting to design and development to deployment, BTS creates customized, experiential learning programs that support a wide variety of strategic objectives.

Strategic Alignment

BTS is a world leader in partnering with leading corporations to build engagement and energy around key strategic priorities. Our unparalleled experience in applying discovery-based learning technologies to enhance development has helped win the hearts and minds at all levels of our clients' organizations. We help evolve and move forward the way companies engage their people in change processes. The result is action that accelerates changes and improves business results.

We have extensive experience engaging organizations in a multi-phased strategic alignment and execution process to ensure transformational change at every level of the organization. The following are some of the tools we use in this work:

Strategy Execution Simulations

– We create realistic and engaging simulation experiences that allow learners to develop a deep understanding of their company's strategic direction and to practice its successful execution in a risk-

free environment. Through our process, participants experience the benefits, tradeoffs and potential obstacles to successful execution. The result is greater organizational alignment and accelerated execution of key strategic initiatives.

Strategy Communication "Engage Maps"

– Using customized, discovery-based "Engage Maps", we design and deliver compelling programs that rapidly communicate the Why, What and How of a strategy or change initiative in the entire organization. "Engage Maps" can help you communicate vision, values and culture, brand and customer orientation as well as business transformation goals.

Strategic Planning Simulations

– These customized follow-on or stand-alone programs provide management teams with a better understanding of their company's profitability drivers as well as a powerful process for identifying key activities that will secure fulfillment of budgets or plans. The outputs are concrete action plans including ROI goals, time plans and follow-up processes.

We recognize that all companies are at different phases of transformation. Any one of these process steps may be leveraged in combination or deployed as stand-alone initiatives.

"BTS invests in talent, product development and innovative learning technologies. Through our practice structure we are close to the most important issues for the long-term success of our client base."

Building Business Acumen

In 1986, BTS was founded upon the discovery that the alignment and results from the customized simulation experience far exceeded the off-the-shelf experience. BTS invented the customized business simulation and brought it to market. Since then, we have built the best customization capability in the world. Our flexible platforms allow for rapid customization in order to meet the learning objectives of multiple target audiences.

Our customization process ensures that the computer-based business simulation closely reflects our customers' 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 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 for driving business results. We leverage multiple delivery platforms to build business acumen at all levels:

Executive Programs

– BTS is the world leader in developing and delivering executive-level programs leveraging discovery-based learning. In addition to providing best-in-class, stand-alone solutions, we actively partner with a variety of leading consulting firms, learning and development organizations and academic institutions around the globe.

High Potential Programs

– As companies invest in assessing and developing their future leaders, they turn to BTS to develop their leadership capabilities.

Mid-Level, First-Line & Individual Contributor Programs

– Managers and employees at all levels of an organization need to understand the big picture of a company's performance and how they can have impact. We offer a variety of best-in-class solutions targeted to various levels.

Finance for Non-Financial Managers

– Building fundamental finance skills enables managers to better understand and impact their financial metrics.



2 Leadership & Management



Leadership & Management Practice

We believe that Successful organizations focus on three critical aspects in driving performance improvement and business results:

- Strategy
- Culture
- Execution

From our experience assisting clients in achieving business results, along with research into relevant thought leadership, it is clear that we need managers and leaders who are capable to deliver success in each of these critical facets :

A Business Strategy

– clearly articulated, focused, communicated and connected to every employee.

An Organizational Culture

– defined and visible cultural/organizational attributes; tightly aligned to the business strategy.

Execution Capability

– focused on driving sustained operational excellence throughout the organization.

In this economic climate, the solution set available through the BTS' Leadership & Management practice is ideally situated for the organizational challenges at hand. In the realm of leadership and talent management, some of these challenges include:

Performance Management

– Building capabilities in an organization to attain performance excellence.

Execution in the Front Line

– Ensuring that front line leaders have the skill sets to create high levels of employee engagement, and lead teams to successful goal attainment.

















Time To Productivity in on-boarding

– Facilitating rapid and effective assimilation of newly hired employees to new roles and organizational culture.

2008 marked a year of evolution for the BTS' Leadership and Management practice. The acquisitions of Strategic Management Group (SMG) and The Real Learning Company (RLC) in the preceding years provided BTS with much anticipated enhancements to its already robust leadership development solution portfolio.

We have become fully integrated with the core BTS solution of business acumen as a crucial component of our organizational effectiveness framework. We have also expanded the capability of the practice to include assessment and competency analysis and development. We have taken the year to leverage the best from legacy SMG and RLC solutions to perform continuous improvements to core solutions to take them to the next level.

The Leadership & Management Practice brings the innovative discovery-based learning and the business results focus, which are cornerstones of BTS. The practice is growing rapidly. Some examples of our assignments during 2008 include AT&T, Coca-Cola Enterprises, American Express, Sanofi and Smith & Nephew.

			Audience				
Solution	Method	Skill					
			Executive	Mid-Level	Front-Line	High Potential	Individual Contributor
BTS Leadership Management Solutions							
Leading Change		Explore a model with eight critical steps for creating organizational change, and apply to actual organizational initiatives.	▲	△		△	
Leading for Organizational Improvement (LOI)		Explore how executive decisions impact a company's balanced scorecard.	▲	△		△	
Leading Strategy Into Action (LSIA)		Scenario-based simulation where participants set a strategy and then practice decision-making skills to support the realization of that strategy.	▲			△	
Applause (Performance Management)		Build the ability to hold others accountable to performance standards linked to business goals and results.		▲	▲		
Audition (Effective Interviewing)		Learn and practice the skills necessary to attain top talent into the organization through effective interviewing.		▲	▲		
Coaching for Growth		Explore how supervisors and managers hold the keys to employee engagement.		△	▲		
Composer (Leading Innovation)		Discover the role of the manager in inspiring innovation on a team.		△	▲	△	△
Conductor (Effective Coaching)		Increase confidence and fluency in the ability to hold coaching conversations.		▲	▲		
Developing and Using Influence		Build fluency in skills that lead to increased collaboration and mutually beneficial outcomes.		△	▲	△	△
Ensemble (Team Management)		Managers learn how to lead high-performing teams.		▲	△		
Essentials of Business Leadership (EBL)		Build knowledge and skill in the core skills required of the first-time manager/supervisor.			▲	△	
Expressing Value		Explore the inspiring communication top-performing executives use to engage others in vision and strategy.	▲				
Level 5 Leadership		Discover the attributes of "Level 5" leaders and take actions to build skill as a Level 5 leader.	▲	△			
Symphony (Diagnosing Performance)		Develop skill in the ability to diagnose and address performance management from a pragmatic, objective, systems-thinking approach and increase employee engagement.	△	▲	▲	△	
Team Power		Teams discover and apply to real work the key elements of high-performance teams.		▲	△		
Tempo (Managing Change)		Build confidence in the skills necessary to successfully manage through change.		▲	▲		
Power of Leadership		Learn the delicate balance between power and influence—becoming comfortable with both—and the impact on the performance of others.	△	▲		△	
Lean for the Knowledge Worker		Teams discover how to leverage Toyota's Lean principles to non-manufacturing applications/projects.	▲	▲		△	▲
Values		Explore how personal values align with team and/or company values and link to building a company culture.	△	△	△	△	△
Building a Culture of Discipline		Build discipline for executing against strategy and creating culture.	▲				

Audience: ▲ = Primary △ = Also Appropriate



= Map



= Board Simulation



= Scenario Based Simulation



= Computer Simulation

3 Sales

Sales Practice

BTS is assisting some of the world's largest and best-known companies as they transform their go-to-market strategies. We do this 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. And we deliver the learning in the same experiential, discovery-based way we have become famous for through our business simulations.

The foundation of our work in the sales arena comes from research involving almost 200 executive-level buyers in a wide range of industries globally. The results of that research were published by

McGraw-Hill in the book "The Mind of the Customer", and the research is ongoing. One of the messages that comes from the research is that to be successful in selling today, companies must move beyond solution selling. The best sales forces today are not only good at product selling, and solution selling; they are focusing on accelerating their customers' business results. That evolution requires a new skill set for salespeople, sales managers, and sales leaders:

- Understanding the customer's business and selling to executives based on their 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 strategies for sales managers to maximize salesperson's effectiveness and performance.

We deliver our content through customized, standard programs, and we also build custom programs. Delivery approaches utilize discovery-based map activities, scenario simulations, and board-based business simulations.

One specialty of BTS is helping companies navigate through sales force transformations, where new skill sets are required to compete more effectively in the face of changing customers and markets. We have partnered with several Fortune 500 companies to help them achieve a new way of selling to their customers.

Some of the companies where we helped build world-class sales organizations are Sony, AT&T, Humana, KPMG, UBS, Newell Rubbermaid and Standard Bank.



			Method		Skill		Understand your customer		Create business impact		Communicate value		Manage account strategy		Coach performance	
BTS Sales Mastery Solutions																
Customer Mindsets		Understand customer business drivers	▲	△												
Customer Simulations		Run your customer's business and sell financial impact	▲													
Building Value		Sell to executives	▲	△		△	△									
Winning Major Sales		Practice selling to executives	▲	△		△	△									
Sales Accelerator		Advance your sales call and questioning techniques	▲	▲		▲										
Aligning Value		Quantify your value to customers		▲		△										
Collaborative Negotiations		Negotiate collaboratively and get beyond price				▲										
Collaborative Negotiations Simulation		Practice advanced negotiating techniques				▲										
Communicating Value		Conduct interactive sales conversations		△		▲										
Sales Blueprint		Create account strategies fast and effectively	△	△		△	▲									
Sales Team		Practice accelerating a sales cycle	△	△		△	▲								△	
Real Time		Role-play advanced customer interactions	△	▲		▲	▲								△	
Driving Business Results Series		Coach salespeople to faster performance														▲



How BTS Operates

BTS offers world-leading, best-in-class experiential learning and performance solutions. 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.

Overview of Our Innovative Learning Platforms:

Computer-Based Business Simulations

We build customized, computerbased 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.

► Fact

In 2000, BTS launched its Mini-Master Platform 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 pre-

sented. Upon choosing course of action, the simulation immediately presents the impacts of the participant's decisions on the ultimate goals.

► Fact

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

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.

► Fact

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



"After 20+ years, BTS continues to lead innovation in discovery-based learning and development solutions."

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.

► **Fact**

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.

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.

E-Learning Solutions

Online & Virtual Solutions

Our web-based business and scenario simulations engage participants in highly interactive learning which 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.

► **Fact**

Why Finance Matters! is considered by many to be the industry standard finance-for-non-financial managers program and is one of BTS's 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.

► **Fact**

BTS' Global Tournament is the largest business tournament in the world. Each year our global tournament attracts approximately 9,000 teams from companies around the globe.

Growth, Profitability, and Acquisitions

BTS has delivered profits every year since its foundation. 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

BTS has delivered profits every year since its foundation in 1986. The growth of BTS during the last 10 years averages 18 percent per year, of which 13 percent has been organic. During the last five years, BTS' revenues have grown four times and profits eight times of which 40 percent has been organic and 60 percent from acquisitions. 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 1990's 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: 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 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:

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

As a result, BTS is now a more complete company with a strong foundation to reach its vision – "The World's No.1 Learning & Development Consultancy – innovating how companies change, learn and improve".

For the next few years, BTS will predominantly focus on acquisitions that open new markets.

Acquisitions

- ▶ **2002** - BTS Australia founded through acquisition.
- ▶ **2003** - BTS Spain founded through acquisition.
- ▶ **2005** - Acquisition of SMG, Philadelphia, US.
- ▶ **2005** - Acquisition of Business Game Factory, Helsinki, Finland.
- ▶ **2006** - Acquisition of The Real Learning Company, Scottsdale, Arizona and The Advantage Performance Group Tiburon, California.





Business Model

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

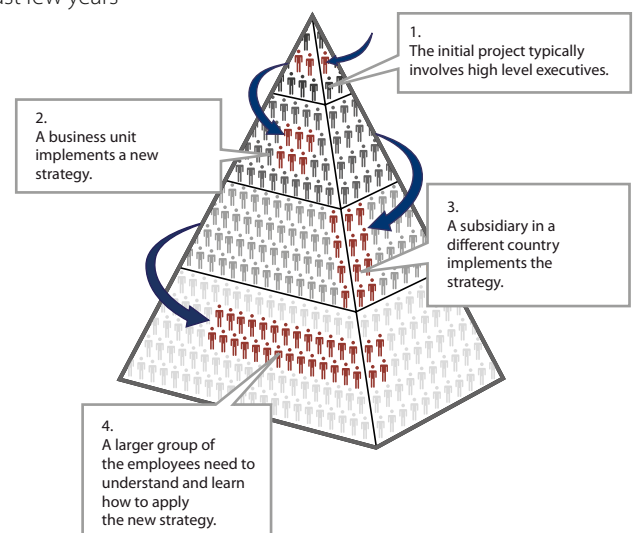
Existing customer relationships make up the base when BTS starts up operations in a new market - a fact which reduces the expansion risk. In addition, BTS works hard to nurture relationships with other large corporations active in the targeted markets.

Once business has grown to sufficient volumes in a new market and the future potential appears attractive, BTS can take 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 actively consolidating a highly-fragmented market. The goal is to offer more services to both existing and new customers. All acquisitions have resulted in cross-selling. This is a result of conscious efforts to identify new business opportunities based on needs within the extended customer base. The training of account managers as well as needs-focused discussions with individual clients has played an important role in this process.





“BTS’ successful growth rests on quality focus, long-term customer relationships and networkbased marketing.”

Development

Developing the revenue mix

BTS’ revenues originate from three areas:

- 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 customisations

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

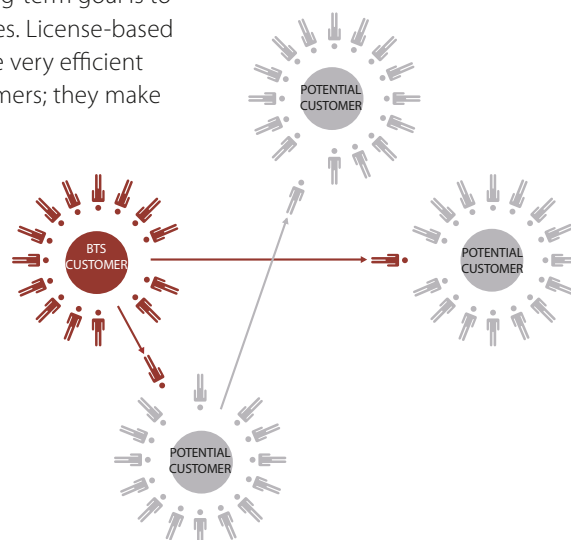
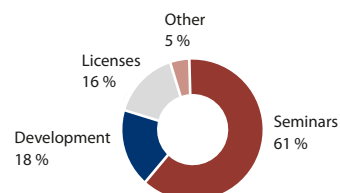
Instructor-led seminars still comprise the greatest source of revenue for BTS and are the dominant form of business delivery. The BTS’ consultants are very much involved throughout the whole customization process, and, during delivery, they facilitate these solutions in seminars.

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, 2008



Market

The quest to improve productivity and drive change is stronger than ever in the globally connected economy. In order to execute rapidly and effectively, companies need to change and implement learning methods that work.

Traditional learning and skill transfer methods such as lectures, power point presentations, binders and group discussions have over time proven to be inefficient. These methods can create interesting and stimulating exercises, but the necessary results are not delivered; the job doesn't get done.

The job gets done when participants and learners, change their business behavior leading to positive business results.

Change management is becoming a part of day-to-day management.

How do top executives in world leading companies respond to the dynamics of change? In the fall of 2008, The Economist Intelligence Unit published a report that answered this question.¹

Key findings:

- The credit crunch and economic slow down are affecting the way companies act. Business leaders are responding to the economic slowdown by launching more change programmes. These initiatives will primarily be driven by the need for operational efficiency and to reduce costs.
- Successful change management still eludes most companies. Despite the fact that change management has been taught at business schools around the world for several decades, companies still struggle to put theory into practice. Fully 58% of the survey respondents

say that, over the past five years, half or fewer of their change initiatives have been successful.

- Failure often comes from companies struggling with people issues. The most frequently cited barrier to success in change management is winning over the hearts and minds of employees at all levels of the organization (51%). Other people issues, such as gaining local management buy-in (31%) and cultural issues (27%), also feature highly as major barriers to successful execution of change. The difficulty is not intransigence; everyone interviewed for the study agreed that employees are willing to be won over. It is how this is done.
- Money is not the problem. Only 8% of respondents considered insufficient funding the main reason for the failure of change programmes in the last year.

The key elements of success, according to the EIU report, are:

Leadership: The best leaders of change are not the ones who dictate their plans, but those who bring vision; inspire people with a sense of urgency; and then help them to bring their own creativity to the project.

“The quest to improve productivity and drive change is stronger than ever in the globally connected economy.”

Planning: This involves not only the basics of knowing where you are going, lack of clearly defined milestones was a leading cause of failure at 24% of companies, but also the psychological elements of bringing people along.

Communication: At nearly one in five companies, good communication was a leading cause of success in change management.

Size & Growth Pattern US Still Leads the Way

The US continues to be the world's corporate-learning leader due to the sheer size of its home market and the adaptability and strength of its worldwide business community. US companies have an advanced approach on how to optimize investments in business-related learning and development. A majority of the world's largest corporations are American, and collectively they make up the strongest force in the globalized business world.

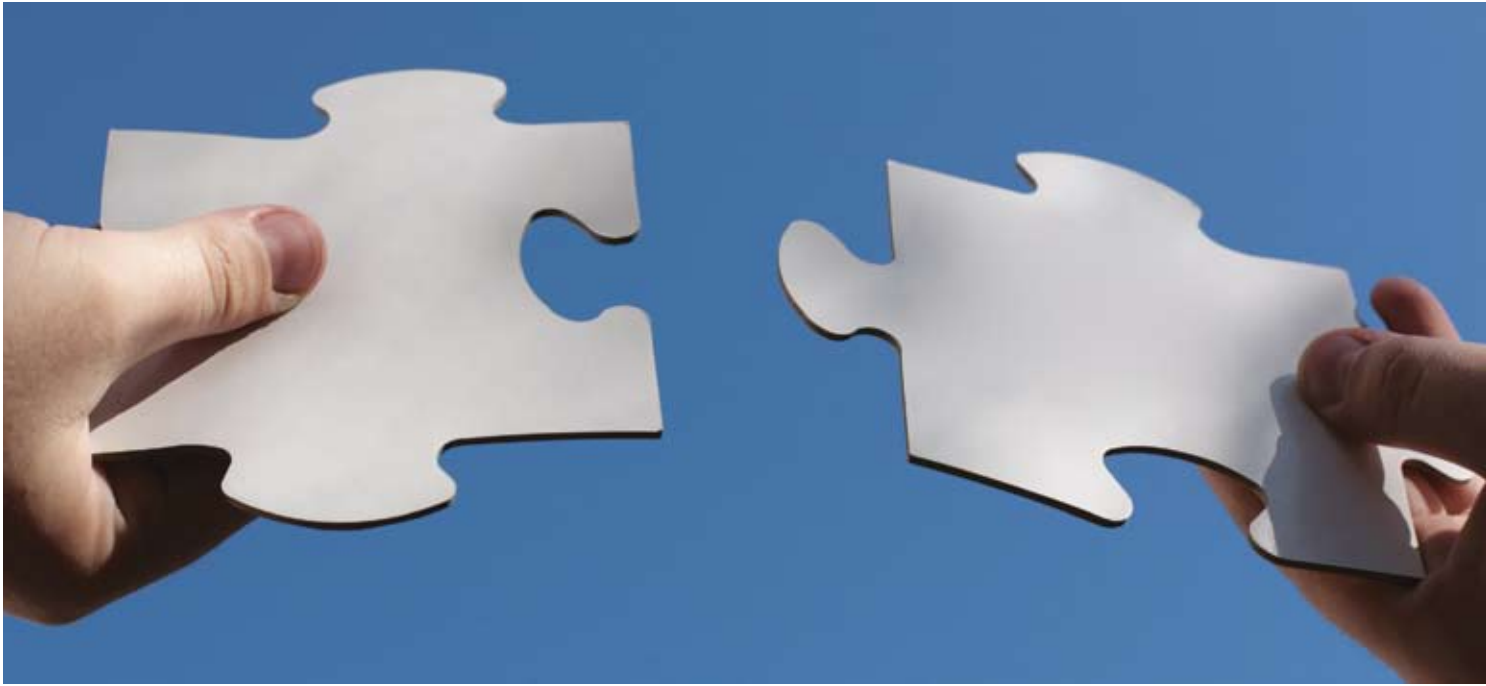
The leading management models and business schools are American. According to the Financial Times Global MBA Rankings 2009, five of the ten top business schools in the world have their head campuses in the US.²

BTS targets 10 billion USD market

The total US corporate learning market decreased slightly from 2007 to 2008, decreasing from USD 58.5 billion to USD 56.2 billion (including salaries to

1. "A change for the better. Steps for successful business transformation, The Economist Intelligence unit, May 2008"

2. "Financial Times Global MBA Rankings 2009"



companies' internal training resources). Of this, spending on products and services from external providers decreased from USD 16.4 billion in 2008 to USD 15.4 billion in 2008, according to a Bersin & Associates corporate learning industry report.³

BTS' targeted US market segment (corporate learning services for executives, managers and sales organizations) is estimated to have declined by approximately 10 percent from USD 5.0 billion to USD 4.5 billion.

The weakened demand in both the total market and in BTS' segment reflects the overall negative development in the general economy. Demand for BTS' services continued to show positive growth through the fourth quarter, with the exception of APG, which showed negative growth of 21 percent during 2008.

The main reasons why BTS has continued to grow despite the decline in the market are the competitive advantages of BTS' services in generating results for its customers and the fact that BTS is

serving strategically important projects for most of our customers. BTS has consistently, over many years, grown faster than the corporate learning and development market.

Market Drivers & Trends **The Strategy – Execution**

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

The majority of corporate strategies are never implemented the way they are supposed to. Many companies suffer from an operational excellence deficit.

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

As long as employees do not clearly understand which actions they need to take for co-workers and customers to achieve the best results, the organization

will have difficulties to change and excel 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.

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 Report¹ findings show that the core issue in most change management processes is: People "Instead, the most widespread problem in

3. "The Corporate Learning factbook 2009, Benchmarks, trends and analysis of the US Corporate Training Market. January 2009" Bersin & Associates

change management is winning hearts and minds throughout the organization (placed among the three biggest impediments by 54 percent of survey respondents). The second and fifth biggest difficulties—lack of buy-in from local management (31%) and cultural challenges (27 percent)—are really the same problem with specific sets of hearts and minds. In other words, companies are struggling with very basic people issues, in particular motivating them to abandon old ways of working for something new.”

“In a typical large change programme, it is not a matter of sending out the new organisation chart or the new budget or the new strategy with a few projects. It is about changing people’s behavior, often a lot of people, and this is not trivial.”

Professor John P Kotter, Harvard Business School

Challenges to Successful Global Management

Global corporations are facing increasing complexity and constant change pressure due to deregulation, globalization and technological advancements.

According to a 2007 report from The Economist Intelligence Unit (EIU),⁴ the greatest challenges that top executives consider most important to run a successful global company over the next three years are:

- 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).

Training & Development as the Key Weapon

According to the 2007 EIU report⁴ cited above, a majority of top executives running global companies consider training and 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.

Top executives rank the following areas as the most important in order to ensure that employees have the skills required to reach their companies’ strategic objectives over the next three years:

- Training and development programs (76 percent).
- Placing greater emphasis on performance-based compensation (63 percent).
- Rotation of employees through different functions and departments (38 percent).
- Outsourcing activities to third-party service providers (22 percent).

Industry Convergence

There is a growing market demand for knowledge-intensive service companies that support global corporations’ strategy-execution efforts – such as management consultancies, business-skills training companies and technology-based training companies.

This is where BTS and its discovery-based learning and development solutions fit in. BTS’ solutions are creating a profitable niche segment where these industries converge.

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

Human & Organizational Capital

Accenture calculates that the value of intangible assets has increased from 20 percent of the total value of companies in 1980 to around 70 percent today.⁵ The best way to support this development is by capitalizing on and investing in intangible assets:

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

Growing Number of Knowledge Workers

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

According to McKinsey, professional employees, or, knowledge workers, now constitute up to 25 percent or more of the workforce in financial services, health care, high-tech, pharmaceuticals as well as

4. “CEO Briefing: Corporate Priorities for 2007 and Beyond,” The Economist Intelligence Unit, 2007. The Economist Intelligence Unit is the world’s foremost provider of country, industry and management analysis.

5. Accenture’s Outlook Journal, Getting a Truer Picture of Shareholder Value, June 2005. Accenture is a global management consulting, technology services and outsourcing company.

6. The McKinsey Quarterly, The 21st-Century Organization, 2005, No 3. McKinsey is a global management consulting firm advising leading companies on issues of strategy, organization, technology, and operations.

in media and entertainment. Knowledge workers are companies' most valuable employees, which makes it especially important for organizations to keep them engaged.⁶

Winning the Global Battle for Talent

Demographic change, globalization and the increasing importance of knowledge workers are some of the most important external factors that force companies and other organizations to take learning and talent issues more seriously.

The key to winning the global battle for talent is to capitalize on the talent you already have, instead of a continuous hiring and firing. Companies that manage to build this critical capability through investments in learning will have a competitive advantage in the war for talent.

Along the same lines, in order to win the global battle for talent, organizations must transform the management of their workforces from a supporting function to a competitive capability, according to a 2007 book from Accenture.⁷

One of the key points made in the book is that learning and skills development is now one of the most important capabilities for the talent-powered organization. The book also concludes that it is essential to focus performance improvement efforts on those employees that add most directly to the organization's bottom line.

Competition & BTS' Market Position

Advantages of Discovery based Simulation Learning Solutions:

Greater Knowledge Retention

Business training through customized, discovery-based solutions such as simulations, engage maps and learning maps are superior compared to conventional training in terms of efficiency and end results.

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

"Wise" Decision Makers

An organization's learning strategy must extend beyond merely building knowledge. It must be directed towards developing people who make "wise" decisions in companies. A key step in this process is to gain new experience. Customized, discovery-based solutions, such as the ones BTS offers, provide for all this.⁸

Understanding the "Bigger" Picture

Research suggests that discovery-based learning and development such as business simulations have the ability to



7. "The Talent Powered Organization: Strategies for Globalization, Talent Management and High Performance," by Peter Cheese, Robert J. Thomas and Elizabeth Craig, Accenture, 2007.

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

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



create “micro worlds” in which participants gain a better understanding of the “bigger” picture of the whole company and its business environment.⁹

As a result, business simulations constitute a learning and development process that contributes to creating a more aligned and successful business-strategy execution and therefore, accelerates change and improves business results.

Large Potential for Further Growth

The figures in a 2009 Bersin & Associates report³ show the potential for BTS’ further growth on the key US market. BTS’ targeted

US market segment (corporate learning services for executives, managers and sales organizations) is worth around USD 4.5 billion. This means that BTS’ US market share is about one percent at present.

BTS expects the demand for corporate learning services to weaken during 2009, but that demand for BTS’ services will continue to develop positively – due to its competitive and strategic advantages. The long-term growth trend for corporate learning services is estimated to be five percent per year.

BTS is currently seeing an increasing demand for its corporate learning and

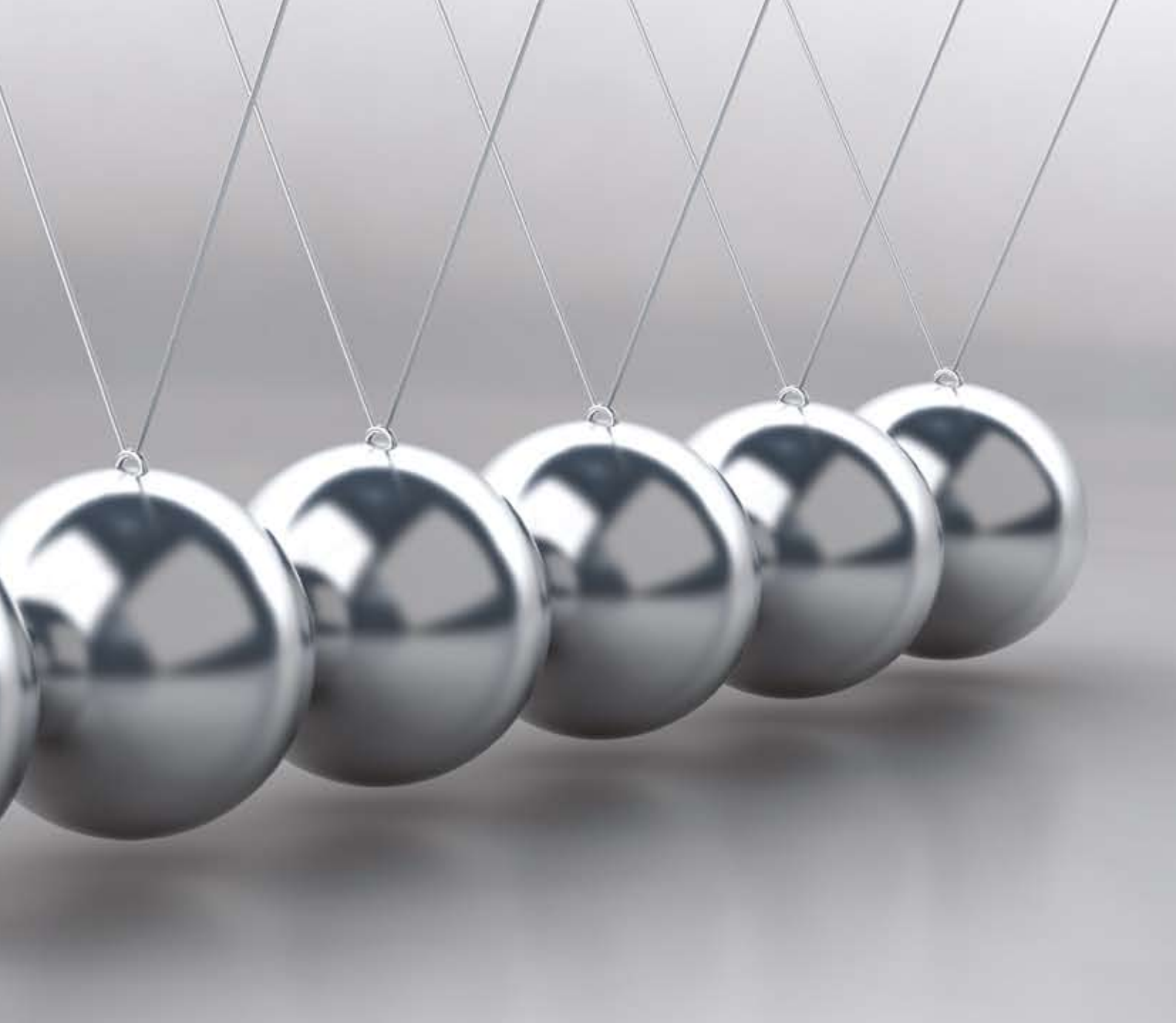
development solutions in markets such as Asia Pacific and Latin America.

Multifaceted Corporate Learning Market

A New Type of learning unit – focused on business results

According to Josh Bersin, CEO of Bersin & Associates, the world-leading provider of research and advisory services in enterprise learning and talent management, we are now experiencing the emergence of a new type of learning unit in many corporations.

With the convergence of continued business expansion and the numerous



talent challenges facing corporations today, a new kind of learning unit is evolving, one that focuses on organizational capabilities driven by competencies. This new type of learning unit, which is considered more high-impact compared to traditional in-house training units, is driven by worldwide leadership and talent gaps, skills shortages, lacking employee engagement as well as by inadequate corporate cultures. Some characteristics of the new learning unit emerging are:

- **Focus:** Training as a business tool.
- **Technology:** Used to facilitate and bring efficiencies and scale.
- **Processes:** Highly consultative, service-centric processes.
- **Tools:** Selected for supportability and scalability.
- **Measurement:** Central to everything and highly actionable.
- **Leadership:** Chief Learning Officer (CLO) driven and accountable; aligned with HR but independent.

At the same time, we see how many corporate learning units are shifting their focus away from in-house trainers. Instead, modern learning departments are more focused on program design, e-learning, service and support activities, and out-source a growing share of the hands-on service delivery to external partners.





Core Values

BTS' Core Values

Positive Spirit and Fun

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

Honesty and Integrity

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

Opportunities Based on Merits

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

Putting the Team First

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

Lasting Value for Clients and People

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

Excellence through Professionalism

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

Employees and Organization

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.

Learning Organization



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 2-3 day simulation experience is an adventure

that BTS’ likens to being a tour guide on an “intellectual adventure trip.”

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

Key Figures, Employees	2008	2007	2006	2005	2004
Number of employees at the end of the year	267	230	186	150	107
Of whom women, %	35	36	33	31	23
Net turnover per employee, KSEK	2,202	2,479	2,298	2,001	1,980



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 6-7 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 four operational units

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

BTS North America

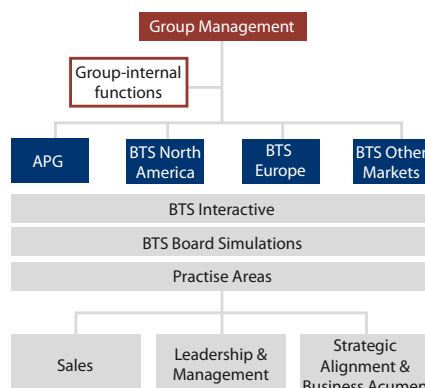
New York (New York), Stamford (Connecticut), San Francisco (California), Philadelphia (Pennsylvania), Scottsdale (Arizona) and Chicago (Illinois).

BTS Europe

Stockholm (Sweden), Helsinki (Finland), Oslo (Norway), London (United Kingdom), Brussels (Belgium) and Madrid and Bilbao (Spain).

BTS Other Markets

Mexico City (Mexico), Johannesburg (South Africa), Sydney and Melbourne (Australia), Beijing (China), Bangkok (Thailand) and Singapore (Singapore).



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

Advantage Performance Group, APG

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

Product-specific units

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

BTS Interactive

BTS Interactive is responsible for e-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.

“Our mission and core values have fueled BTS' tremendous growth over the past 20+ years. We have great people who are passionate about working closely with our clients to win the hearts and minds of their personnel around strategic priorities.”

Henrik Ekelund,
Founder, President & CEO of BTS Group (publ)





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

Processes

Product Development Efficient Product Development

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

Also, BTS has assimilated this experience into its systems and processes. New experience and knowledge are introduced successively as the business activities of its customers change. At the same time, BTS develops new services based on the latest advances in methodology and technology. Product development at BTS has two parts, external and internal development.

External Product Development

External product development involves developing new 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

form 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 for searching and reusing existing documents.
- BTS Flash Platform for Web-based simulations.

Quality Measurement

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

- **Initial Quality Survey** - This survey is completed by seminar participants at the conclusion of each business simulation to assess the quality of the program. On a scale of 1 to 5, BTS' internal goal is to achieve a score of at least 4.6.

- **Verification of Knowledge Transfer & Application** - BTS provides a process to verify that participants are applying the skills and knowledge they have acquired. BTS offers customers the opportunity to measure the long-term results of the training. This follow-up shows that 50 - 90 percent of participants have retained knowledge that they now apply in their everyday work. It also shows that the improvements in business results pay for the customer's investment in the training many times over.

Quality Assurance

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

Rights

BTS owns all the rights to all the 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.

Internal Product Development
Raises the efficiency of the process for developing customized simulations.

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



The Advantage Performance Group

Advantage Performance Group (APG) is a unique consulting and training firm that specializes in helping their clients accelerate business results, increase sales and improve the way people work together.

Its network of around 40 fulltime franchise partners and over 100 facilitators, work with their clients to achieve verifiable business results. APG was acquired by BTS in September 2006.

Network and franchise model

APG is a unique training company. The APG' network is based on a franchise model backed by thought-leading content providers (such as BTS) and state-of-the-art learning methodologies. It also applies its training-effectiveness methodology – The Advantage Way™ System – to help organizations maximize their training Return of Investment (ROI).

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

- Sales and Service Excellence.
- Leadership and Management Development.
- Team and Individual Performance.
- Strategic Alignment and Business Acumen.

Unlike other consulting and training companies that provide only one approach to development, Advantage provides a continuous stream of learning solutions to meet their clients' evolving business needs.

In addition, APG guarantees measurable business impact – not only improved job performance, but bottom-line results through the Advantage Way process. When clients implement The Advantage Way system, their organization will achieve documented business results as well as improved job performance. They will be

able to measure the business impact of training — solid proof of its value to their organization.

APG has a rich 18-year history and representatives in most major U.S. cities. APG is fully resourced to provide customers with just-in-time delivery and implementation support across all geographies.

Improving Our Client's Bottom Line through People Development

While one might think these perilous economic times mean the end of funding for human capital development – that perception may be misguided. Now, more than ever, dollars spent on learning must deliver a sustainable approach that actually drives business results.

A learning investment with APG creates business results. It demonstrates improvement that is measurable, sustainable, and accelerates our client's performance while providing the solid metrics that enable ongoing funding and support from the executive suite.

While certainly APG has not reached its potential and the results don't reflect our full capability. We recognize the challenges and are undertaking our own transformation of this business.

We have identified three different areas of focus to make Advantage a stronger company in this environment:

1. Differentiating ourselves from other consulting and learning providers in this economy.

Using the Advantage way process through the entire engagement with our clients- we are able to commit our clients to a complete alignment with business results from the very beginning.

2. A stronger focus on sales transformation and leadership development.

Through Alliance Partners, like BTS, we are able to provide more strategic solutions throughout the organization — from the executive suite to the individual contributor.

3. More touch points.

Through our marketing efforts we are able to touch more of our clients and help them through these times.

This enables our franchise partners to have more proactive follow-up with their clients and assists in providing unique solution to each client's challenges.



The BTS Advantage WaySM System

“Link your Training Investment directly to Business Results”

Guaranteed Business Impact from Training

Research shows that 85% of all training has zero impact on job performance. BTS decided to help its clients beat those odds. BTS' solution to this challenge is the BTS Advantage WaySM system. When customers implement the BTS Advantage WaySM system, the organization will improve job performance as well as documented business results. The BTS Advantage WaySM User Group members have been able to consistently double or triple the business impact from their training initiatives. And for the first time, many customers are able to measure the business impact of training—solid proof of its value to the organization.

The BTS Advantage WaySM System

The BTS Advantage WaySM system is a unique training effectiveness methodology that ensures the investment in training creates measurable business

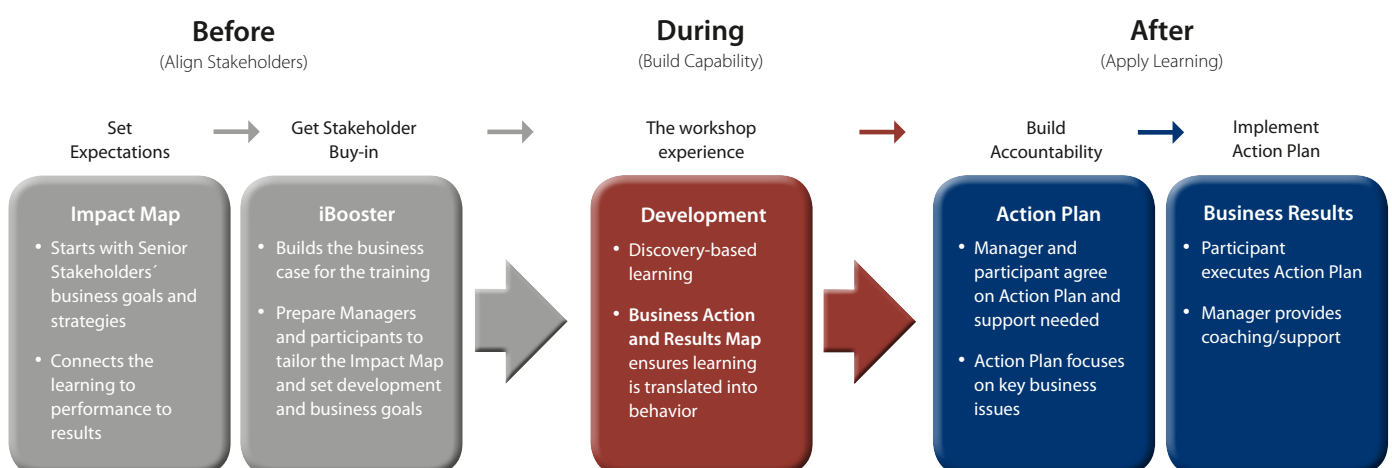
impact. This scientifically robust methodology is the result of BTS' strategic alliance with Robert O. Brinkerhoff, Ed.D. a world renowned authority on training effectiveness and evaluation. BTS has exclusive rights to all the IP of Prof. Brinkerhoff's work, which is based on more than 30 years' of research and practice, and has been proven in organizations that include Dell, SPX, Verizon, Maersk, Pfizer, Humana, Standard Bank, Motorola, Anheuser-Busch, and many others.

“The BTS Advantage WaySM User Group members have been able to consistently double or triple the business impact from their training initiatives.”

The BTS Advantage WaySM system is an innovative, high-impact conceptual framework for building learning and business impact throughout the organization. It creates a clear linkage between the learning interventions and business objectives. It also incorporates the BTS proprietary Success Case Evaluation Method®, a practical way to measure and demonstrate both behavioral and bottom-line results.

The system includes highly interactive programs for HRD professionals and managers – including the new web-based iBooster – aimed at the goal of delivering better business results from training.

The BTS Advantage WaySM is also easy to implement, enabling organizations to convert learning consistently, quickly, and effectively to maximize their business results.



BTS 2008 Awards

"Training in Action Award" - Simulations & Serious Games Category, with Accenture

Training magazine honored Accenture and BTS for Accenture's Enterprise Senior Manager Core Program (ESMC), which uses a customized simulation to provide enterprise employees with a competitive, intense experience to help them align with Accenture's global business strategy. One of the ten highest-rated employee courses Accenture offers (out of 22,000), the ESMC program has demonstrated powerful evidence that employees are transferring the learning to their jobs.

TRAINING MAGAZINE - NOV, 2008

"Excellence in Learning Awards"- Best Use of Games & Learning, Gold with Accenture

Accenture and BTS were recognized for the "Enterprise Senior Manager Core Program" which provides financial and strategic alignment for enterprise management throughout Accenture.

BRANDON-HALL - SEPT, 2008

"Learning in Practice Award" Excellence in Simulations, Silver

BTS received this honor based on a unique business strategy leadership development program for managers at Tiffany & Co., the world's premier jeweler, to further its success in marrying classic product creativity and solid business innovation, while undergoing the rapid global growth which brought it to \$2.9 billion in revenues in 2007.

CHIEF LEARNING OFFICER'S - SEPT, 2008

"Learning in Practice Award" for BTS client NetApp

BTS client NetApp was recognized for its groundbreaking executive-level development programs, incorporating competitive business simulations from BTS. These customized business simulations helped NetApp align its global leadership through complex business situations involving strategic initiatives, key decisions and unexpected events.

CHIEF LEARNING OFFICER'S - SEPT, 2008

Top 10 Young Trainers

Dan Parisi, Executive Vice President and BTS San Francisco Managing Director, was selected by Training magazine as a "top ten trainer under 40". Parisi was singled out by Training editors and an independent judging panel comprising members of Training's Editorial Advisory Board.

TRAINING MAGAZINE - MAY, 2008

Distinguished Contribution to Workplace Learning and Performance Award

Rob Brinkerhoff was recently named the recipient of the Distinguished Contribution to Workplace Learning and Performance Award by the national ASTD organization.

NATIONAL ASTD ORGANIZATION - MARCH, 2008

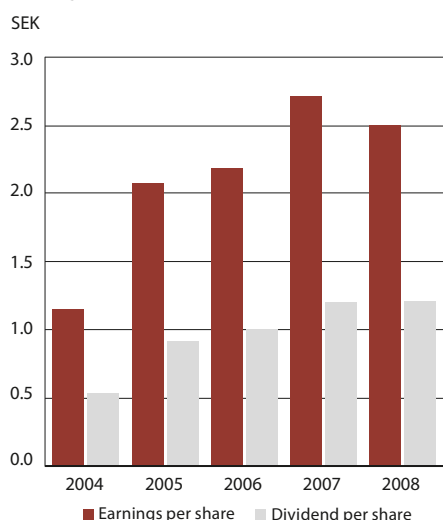


2008 in Brief

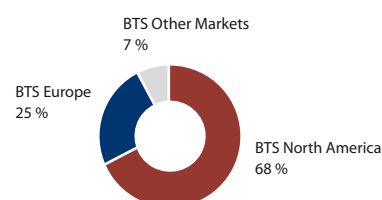
- Net turnover during the year increased by 5 percent and amounted to MSEK 548.4 (523.2). Adjusted for changes in exchange rates, growth was 8 percent.
- The acquired business of APG declined 21 percent in local currency, whereas BTS excluding APG, adjusted for changes in exchange rates, grew 19%.
- Operating profit before amortization of intangible assets (EBITA) decreased by 10 percent to MSEK 79.8 (88.3).
- Profit before tax decreased by 7 percent to MSEK 67.6 (72.8).
- Profit after tax decreased by 8 percent to MSEK 45.0 (48.8).
- Demand for BTS' services continued to be positive on all markets, apart from APG which developed negatively and experienced considerably weaker demand during the year. Demand for general consulting- and learning services declined during the second half of the year, but demand for BTS services continued to develop positively, and increased during the same period.
- Cross selling between BTS and The Real Learning Company (RLC) continued to develop positively and increased significantly compared to 2007.
- New clients acquired during the year included: Alcoa, ConocoPhillips, Deloitte, Exportrådet, Ferrovial, Invitrogen, Leighton Mining, Logica, Mattel, Metso Minerals, National Foods, Publicis Group, Repsol and Subaru North America.
- A new BTS offices was opened in Mexico City.

Key Ratios	2008	2007
Net turnover, MSEK	548.4	523.2
EBITA, MSEK	79.8	88.3
Operating profit, MSEK	70.5	78.2
Profit before tax, MSEK	67.6	72.8
Profit after tax, MSEK	45.0	48.8
EBITA margin, %	15	17
Operating margin, %	13	15
Profit margin, %	8	9
Operational capital, MSEK	266.9	193.9
Return on equity, %	20	26
Return on operational capital, %	31	41
Solidity at the end of the year, %	56	50
Cash flow from current operations, MSEK	32.3	45.2
Cash flow, MSEK	-1.6	-4.5
Liquid funds at the end of the year, MSEK	65.9	67.5
Average number of employees	249	211
Number of employees at the end of the year	267	230
Net turnover per employee, MSEK	2.2	2.5

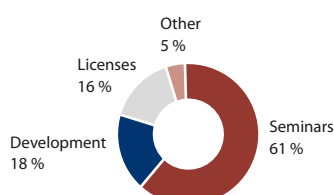
Earnings and dividend per share



Net turnover per operational unit, 2008



Net turnover by source of revenue, 2008



Years 2003-2005 earnings per share and dividend per share have been adjusted by a correction factor of 0,3333 due to the split 3:1 in May 2006.

BTS in Brief

The BTS Group is an international consulting and learning company

BTS is the world leader in customized business simulations and other discovery learning solutions that enable leading corporations to change, grow and succeed. We partner with our clients to develop the mindset and capabilities that their people need to accelerate change and to improve business results.

BTS has more than 250 highly talented professionals serving over 400 clients, including more than 50 of the US Fortune 100 companies and 25 of the Global Fortune 100 world's largest corporations.

BTS is a global organization with 19 offices in North America, Latin America, Europe, Asia, Australia and South Africa.

- Vision:** The World's No.1 Learning & Development Consultancy — innovating how companies change, learn and improve.
- Mission:** We partner with our clients to accelerate change and improve business results.
- Value Proposition:** We develop the mindset and capabilities that your people need to accelerate change and improve business results.

BTS make sure this delivers superior results and ROI through:

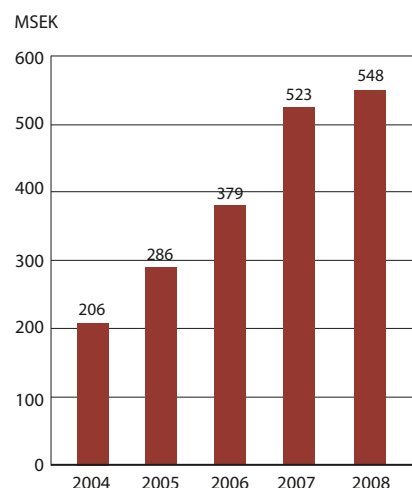
- Discovery-based solutions - "Learning by doing" — the most effective way to learn and change.
- In-depth customization — to what is relevant and actionable on the job.
- A comprehensive process that secures and measures the results.

Global corporations as our customers

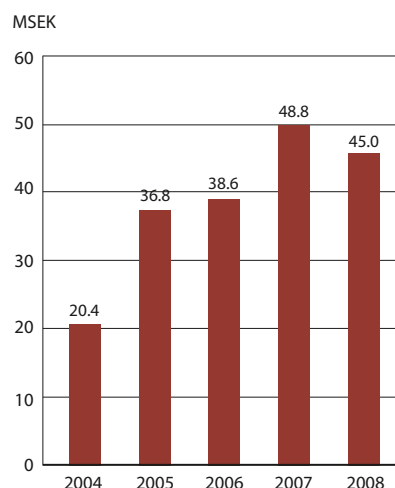
BTS currently works with more than 400 companies around the world that operate mainly in sectors of Manufacturing, Telecom, IT, Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution Fast Moving Consumer Goods (FMCG) and Energy. More than 25 of the world's largest 100 corporations measured by market capitalization are BTS customers. Examples of our customers are:

Accenture	Cisco	Humana	Schlumberger	Unilever
AT&T	Coca-Cola	KPMG	Sony	Vattenfall
Autodesk	Energy Australia	Microsoft	Telefonica	Vodafone
BBVA	Ericsson	Nokia	Telstra	Xerox
BG	GAP	Norway Post	Texas Instruments	
Carlsberg	HP	Roche	Toyota	

BTS' Revenues 2004-2008



BTS' Profit after tax 2004-2008



Customers testimonials

"The BTS business acumen simulation was a key element in the success of Kimberly-Clark's recent off-site meeting for our 'Top 100' leaders. The primary purpose of the conference was to engage our leaders in Kimberly-Clark's strategic direction and increase their understanding of shareholder value creation."

"We asked BTS to create a customized, sophisticated simulation experience that brought our key business challenges to life. The simulation BTS created exceeded our expectations. It was a hit with our senior leaders, and sustained a high degree of active engagement over the course of our 2-day conference. Many of our leaders said the simulation experience made this 'our best leadership conference yet.' Ultimately, the BTS simulation created an exciting communication platform that allowed me to quickly align Kimberly-Clark's senior team around enterprise value creation."

Thomas J. Falk, CEO, Kimberly-Clark

"Not only did the BTS' simulation experience align the top 1,200 managers in the company to our new business model and key financial metrics, but the process of co-creating the simulation with BTS helped our CEO and Executive Leadership Team crystallize our strategic direction and execution steps."

SVP HR leading IT Infrastructure Company

"I was extremely pleased with the contribution that BTS made to both our New Leader and Advanced Leader Development programs. Beginning with their collaboration with our organization on development of the agenda and course content, through the delivery of program materials, BTS was a great partner and a big part of making these programs such a success."

Shane D. Fleming, Chairman of the Board, President and Chief Executive Officer Cytec Industries Inc

"BTS' unique ability to bring thought leadership in sales coupled with their creativity in customizing content for Humana's environment has enabled us to accelerate the development and growth of our sales force. We have developed a true partnership of collaboration. BTS listens and helps find solutions rather than offering us pre-packaged training. Their creative development approach truly changes how people think. We have seen the results in new sales, increased renewal rates, and more executive customer relationships with our sales force."

Cheryl Tidwell, Director of Learning, Commercial Sales, Humana

2008

FIVE YEAR SUMMARY, BTS' SHARE,
CORPORATE GOVERNANCE REPORT
AND ANNUAL REPORT



Catalysts for Profitability and Growth

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Information to shareholders

2009 Annual General Meeting.

Shareholders in BTS Group AB (public limited liability company) are invited to the AGM on Wednesday, April 29, 2009, 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 Thursday, April 23, 2009 and must have notified BTS Group AB no later than 12 noon on Monday, April 27, 2009.

Notify the Company by phone at +46(0)8 58 70 70 00, fax +46(0)8-58 70 70 01, or e-mail at ir@bts.com.

In the notification, please include the shareholder's name, personal identification number or company registration 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 Thursday, April 23, 2009.

Dividend

The Board of Directors proposes a dividend of SEK 1.20 per share.

2009 reports and financial information

Interim reports:

January–March	April 29, 2009
April–June	August 18, 2009
July–September	November 5, 2009
Year-end report	February 2010

The reports above can be ordered from BTS Group AB, Grevgatan 34, SE-114 53 Stockholm, Sweden, phone +46(0)8 58 70 70 00, fax +46(0)8 58 70 70 01, 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, or the Group's subsidiaries (unless otherwise indicated by the context).

Five-Year Summary

Income statement

Consolidated income statements in summary

MSEK	2008	2007	2006	2005	2004
Net turnover	548.4	523.2	379.1	286.1	205.9
Operating expenses	-466.2	-432.7	-309.3	-233.6	-174.2
Depreciation of tangible fixed assets	-2.4	-2.2	-2.1	-1.8	-1.1
Amortization of intangible fixed assets	-9.4	-10.1	-5.3	-2.0	-
Operating profit	70.5	78.2	62.4	48.7	30.7

Balance sheet

Consolidated balance sheets in summary

MSEK	2008	2007	2006	2005	2004
<i>Assets</i>					
Fixed assets	203.6	187.8	203.7	58.2	7.3
Accounts receivables	147.2	116.0	88.7	64.2	36.8
Other current assets	34.9	25.2	25.6	14.5	9.7
Liquid assets	65.9	67.5	72.1	101.1	110.5
Total assets	451.5	396.4	390.1	238.0	164.3
<i>Shareholders' equity and liabilities</i>					
Shareholders' equity	250.9	198.6	174.7	151.5	116.6
Minority participations	-	-	0.5	0.4	0.2
Provisions for deferred tax	-	-	-	-	0.2
Interest-bearing liabilities	81.9	62.9	80.9	2.1	-
Non interest-bearing loans	0.4	0.1	0.4	0.2	-
Other non interest-bearing liabilities	118.3	134.8	133.6	83.9	47.3
Total equity and liabilities	451.5	396.4	390.1	238.0	164.3

Cash flow

Consolidated cash flow statement

MSEK	2008	2007	2006	2005	2004
Cash flow from current operations	37.5	42.8	38.7	38.9	30.7
Cash flow from investment activities	-28.5	-12.2	-140.6	-42.4	-2.9
Cash flow from financing activities	-16.0	-32.8	78.6	-12.3	-3.5
Translation differences in liquid assets	5.4	-2.4	-5.9	6.5	-1.9
Cash flow for the year	-1.6	-4.6	-29.1	-9.3	22.4
Liquid assets, start of the year	67.5	72.1	101.1	110.5	88.1
Liquid assets, end of the year	65.9	67.5	72.1	101.1	110.5

Financial ratios for the Group

MSEK	2008	2007	2006	2005	2004
Net turnover	548.4	523.2	379.1	286.1	205.9
Operating profit (EBIT)	70.5	78.2	62.4	48.7	30.7
Operating margin (EBIT margin), %	12.8	14.9	16.5	17.0	14.9
Operating income before amortization of intangible fixed assets (EBITA)	79.8	88.3	67.6	50.8	30.7
Operating margin before amortization of intangible fixed assets (EBITA margin), %	14.6	16.9	17.8	17.7	14.9
Profit margin, %	8.2	9.3	10.2	12.9	9.9
Earnings per share, SEK ¹	2.5	2.7	2.2	2.1	1.1
Return on equity, %	19.9	26.1	23.6	27.4	18.5
Return on operational capital, %	30.6	41.4	52.7	164.7	282.9
Operational capital	266.9	193.9	184.0	52.8	6.3
Shareholders' equity	250.9	198.6	174.7	151.5	116.6
Equity per share ¹	13.9	11.0	9.7	8.6	6.6
Equity/assets ratio, %	55.6	50.1	44.9	63.8	71.1
Dividend per share, SEK ¹	1.20	1.20	1.00	0.92	0.53
Cash flow	-1.6	-4.6	-29.1	-9.3	22.4
Liquid assets	65.9	67.5	72.1	101.1	110.5
Number of employees at the end of the year	267	230	186	150	107
Average number of employees	249	211	165	143	104
Annual net turnover per employee	2.2	2.5	2.3	2.0	2.0

¹⁾ 2003-2005 earnings per share, dividend per share, and equity per share have been adjusted using a correction factor of 0.3333 because of the 3:1 split in May 2006.

Definitions

Operating margin:

Operating profit after depreciation and amortization 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 shareholders' 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:

Shareholders' equity excluding minority interest divided by the number of shares at the end of the year.

Equity/assets ratio:

Shareholders' equity as a percentage of the balance sheet total.

Dividend per share:

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

Net turnover per employee:

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

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, divided 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, 2008, there were 699 (735) 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 boost interest and trading in BTS' shares.

Dividend policy

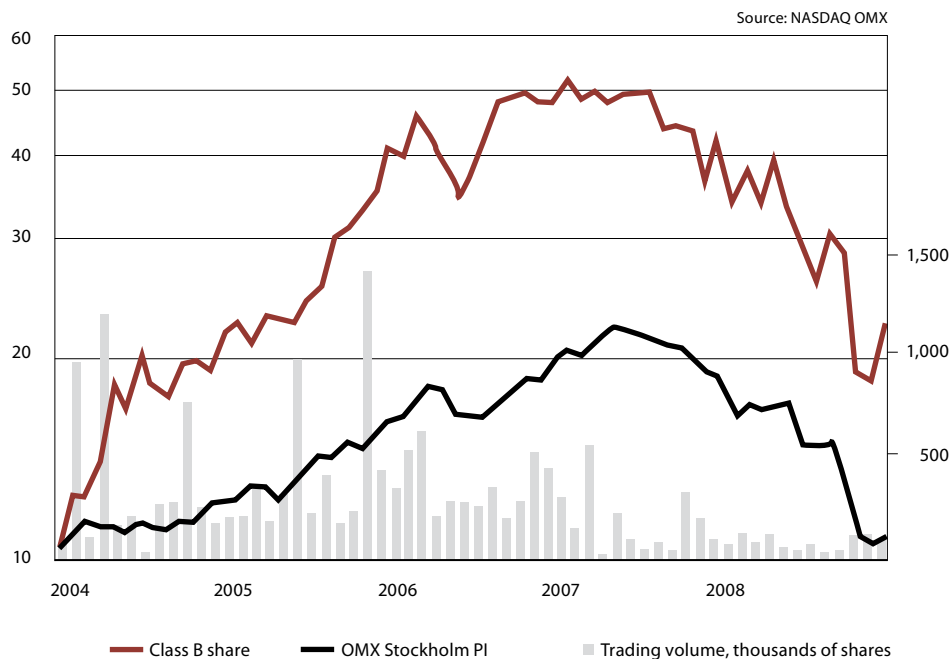
The Company's goal is to distribute 30%-50% of profit after tax in the long run.

Share data

Share price at January 2, 2008	SEK 41.00
Share price at December 31, 2008	SEK 22.60
Earnings per share, December 31, 2007	SEK 2.50
Liquid assets per share, December 31, 2008	SEK 3.65
Equity per share, December 31, 2008	SEK 13.90

BTS Group AB

BTS' share price, 2004-2008



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	Share's par value (SEK)
1999	Formation of the Company	100,000	100,000	439,900	560,100	1,000,000	0.10
1999	New issue	8,200	108,200		82,000	1,082,000	0.10
2001	Stock dividend issue	4,219,800	4,328,000			1,082,000	4.00
2001	4:1 split		4,328,000	1,759,600	2,568,400	4,328,000	1.00
2001	Conversion of Class A 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	69,300	5,897,300	853,800	16,838,150	17,691,900	0.33
2006	New issue	118,800	6,016,100		356,400	18,048,300	0.33

Name	No. of Class A shares	No. of Class B shares	Holding	Holding, %	Votes, %
Henrik Ekelund	816,000	3,181,825	3,997,825	22.15	44.08
Stefan af Petersens	37,800	2,348,774	2,386,574	13.22	10.6
Stefan Hellberg	0	1,455,224	1,455,224	8.06	5.66
Alecta Pensionsförsäkring	0	1,400,000	1,400,000	7.76	5.44
Jonas Åkerman	0	913,800	913,800	5.06	3.55
Länsförsäkringar Småbolagsfond	0	864,000	864,000	4.79	3.36
Nordea Bank Finland	0	605,316	605,316	3.35	2.35
Clearstream Banking S.A., W8IMY	0	543,929	543,929	3.01	2.11
Swedbank Robur Småbolagsfond Sverige	0	537,012	537,012	2.98	2.09
Lannebo Småbolag	0	450,000	450,000	2.49	1.75
Total for 10 largest shareholders	853,800	12,299,880	13,153,680	72.87	80.99
Other shareholders	0	4,894,620	4,894,620	27.13	19.01
Total	853,800	17,194,500	18,048,300	100	100

2008 Corporate Governance Report

BTS Group AB is a public limited liability company headquartered in Stockholm, Sweden. The Company is listed on NASDAQ OMX Stockholm.

The BTS Group AB has applied the Swedish Code of Corporate Governance since July 1, 2008, and is submitting this corporate governance report for 2008.

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 the Group as well as to insure that the financial information provided by the company is reliable. Any deviations from the Code are explained in connection with each section.

The 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/AGM.

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, 2008, BTS Group AB had approximately 700 shareholders. The ten largest shareholders had total shareholdings corresponding to 72.9% of shares and 81.0% of votes. A list of the largest shareholders is found on page 7 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 Meeting and shall appear in Post-och Inrikes tidningar and Svenska Dagbladet. All shareholders who are entered in the share register on a certain record date and have notified the Company in time of their intention to participate in the meeting 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.
- Determining fees to be paid to the Board and auditors.

2008 Annual General Meeting

The 2008 Annual General Meeting was held on Wednesday, May 7, 2008, at the Company's offices in Stockholm. Nineteen shareholders attended, representing 47.8% of the number of shares outstanding and 62.7% of the votes. All members of the Board and the Company's auditors participated in the Meeting. Decisions made included the following:

- The income statement and balance sheet and the consolidated income statement and balance sheet for fiscal 2007 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 525,000 in fees was approved to be paid to those 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.
- Auditors' fees were approved to be paid based on approved invoices.
- Mariana Burenstam Linder, Henrik Ekelund, Stefan Gardefjord, and Dag Sehlin were reelected members of the Board for the period up until the next AGM. Dag Sehlin was reelected 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 annual meeting, 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.

In addition, the AGM was informed that Öhrlings Pricewaterhouse-Coopers had appointed Magnus Thorling as the new managing auditor for the Company's audit.

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 27, 2008. BTS's three largest shareholders in consultation with Chairman of the Board Dag Sehlin appointed Anders Dahl, Dag Sehlin, and Stefan af Petersens to the nominating committee; Anders Dahl was appointed chair.

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 2009 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 nominating committee will be published on BTS's web site when its 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 meeting 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 the Board of Directors of BTS shall consist of no fewer than three and no more than eight members. The AGM held on May 7, 2008, decided that for the period until the next annual meeting the Board would consist of four members and no deputy members.

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

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

Composition and independence of the 2008 Board

Member	Position	Elected	Independent	Board meeting attendance
Dag Sehlin	Chairman of the Board	2003	Yes	100%
Mariana Burenstam Linder	Member	2004	Yes	90%
Henrik Ekelund	Member	1986	No ¹	90%
Stefan Gardefjord	Member	2003	Yes	100%

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 of Directors. 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 members of the Board, 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 at the December meeting. 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, ten meetings were held. Procedures for assessing the work of the Board were determined in November for assessment and discussion in the beginning of 2009.

Compensation to the Board

The AGM held on May 7, 2008, approved a total of SEK 525,000 in fees to be paid to those members of the Board who receive no salary from the Company or any subsidiary, such that SEK 275,000 be paid to the Chairman and SEK 125,000 each to the members who receive no salary from the Company.

Members of the Board in the Parent Company have received compensation only in the form of Board fees. Members of the Board are not included in any incentive programs for the Group related to 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.

At the AGM to be held on April 29, 2009, the Board of Directors will present its proposed policies for compensation and other conditions of employment for executive management for the approval of the AGM.

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

Audit committee

The task of the audit committee is to prepare the work of the Board of Directors to assure the quality of the Company's financial reports. The audit committee also adopts guidelines on the other services in addition to auditing that the Company may procure 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 fees.

During the year, the duties of the audit committee were performed by the Board as a whole. The Company's CFO, also the Board secretary, prepared the business for the Board's meetings. During specific parts of the auditor's review with the audit committee, neither the CEO nor the Board secretary participates, allowing the Board to have private discussions with the auditor in compliance with the Code. In addition, each member of the Board can contact the auditors directly.

Auditors

The auditors examine the management of the Company by the Board of Directors and CEO and the quality of the Company's accounts and they report the results of their audit to the shareholders through the auditors' 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 audit. 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 selected by the AGM for a period of four years. The 2005 AGM re-elected the registered public accounting firm Öhrlings Price-waterhouseCoopers and managing auditor Lars Berglund for the period until the 2009 AGM. Lars Berglund resigned at the 2008 AGM, and Magnus Thorling was elected the new managing auditor.

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

For 2008, the Company's auditors did not audit BTS's semiannual report or the nine-month interim report, which deviates from the rules of the Code. The Board of Directors has determined, after checking with the Company's external auditors and others, that to date the additional costs of such audits 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 40 of the annual report.

Guidelines for compensation and other terms of employment for senior executives

The AGM held on May 7, 2008, 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 operating activities. 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 efforts in communication actively contribute to strengthening 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, the Swedish Code of Corporate Governance, and the like.

The Company has established policies regarding financial reporting, IT and IT security, human resource issues (compensation to senior executives, the work environment, equal opportunity), and the like. 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 and the delegation of roles or 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 material 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 who are concerned. Formal as well as informal channels to Company management and the Board of Directors exist to convey significant information from employees. For external communication, the Company follows the controlling 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 and proposals for measures found in the external audit.

BTS has no internal audit unit of its own, based on the assessment that there are no special circumstances in operating activities or other conditions to justify such a unit.

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 2008. The consolidated income statement and balance sheet as well as the Parent Company's income statement and balance sheet are submitted to the Annual General Meeting for adoption.

Operations

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

Sales and earnings

BTS's net turnover grew 5% in 2008, to SEK 548.4 million (523.2). Adjusted for changes in exchange rates, growth was 8%.

Operating profit before amortization of intangible assets (EBITA) declined 10% during the year, to SEK 79.8 million (88.3). SEK 9.3 million (10.1) in amortization of intangible assets attributable to acquisitions was charged to 2008 operating profit. Operating profit (EBIT) declined 10%, to SEK 70.5 million (78.2).

The operating margin before amortization of intangible assets (EBITA margin) was 15% (17). The profit margin (EBIT margin) was 13% (15). Profit before tax for the year declined 7%, to SEK 67.6 million (72.8), agreeing with earnings guidance of a profit before tax in line with the preceding year's.

Net turnover for BTS's operations in North America totaled SEK 254.2 million (219.4) in 2008. Adjusted for changes in exchange rates, revenues advanced 19%. The operating profit before amortization of intangible assets (EBITA) totaled SEK 43.8 million (47.8) for 2008. The operating margin before amortization of intangible assets (EBITA margin) was 17% (22).

Net turnover for APG ended at SEK 115.2 million (149.0) in 2008. Adjusted for changes in exchange rates, revenues dropped 21%. The operating profit before amortization of intangible assets (EBITA) totaled SEK 2.9 million (13.4) for 2008. The operating margin before amortization of intangible assets (EBITA margin) was 3% (9).

Net turnover for Europe totaled SEK 138.2 million (117.0) in 2008. Adjusted for changes in exchange rates, revenues advanced 21%. The operating profit before amortization of intangible assets (EBITA) totaled SEK 30.5 million (21.1) for 2008. The operating margin before amortization of intangible assets (EBITA margin) was 22% (18).

Net turnover for BTS's other markets totaled SEK 40.8 million (37.8) in 2008. Adjusted for changes in exchange rates, revenues grew 14%. The operating profit before amortization of intangible assets (EBITA) totaled SEK 2.6 million (6.0) for 2008. The operating margin before amortization of intangible assets (EBITA margin) was 6% (16).

Financial position

At year-end, liquid assets were SEK 65.9 million (67.5). Interest-bearing liabilities totaled SEK 81.9 million (62.8). Shareholders' equity totaled SEK 250.9 million (198.6) at year-end, and the equity/assets ratio was 56% (50). BTS's cash flow from operating activities for the year was SEK 37.5 million (42.8). The increase in goodwill was solely the effect of changes in exchange rates. At December 31, 2008, trade and other receivables had increased SEK 31.2 million, chiefly as a result of changes in exchange rates and more invoicing than normal in December.

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

The Board of Directors proposes that the 2009 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 2008 AGM, see Note 7.

Employees

The number of employees in BTS Group AB at December 31 was 267 (230). The average number of employees during the year was 249 (211).

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. 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, who had holdings exceeding 10% at year-end 2008. Some employees own shares in the Company, but the employees as a whole have no investment through a 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 come into effect, be changed, or cease to apply if control of the Company were to change 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 liquid assets. The Company's net turnover totaled SEK 2.2 million (2.6), and profit after financial items SEK 10.3 million (11.9). Cash and cash equivalents ended at SEK 0 (0).

Outlook for 2009

The state of the economy makes forecasts for 2009 more uncertain than normal. Profit before tax is expected to be in line with the preceding year.

Market trends and BTS's strategy for the recession

Demand for training and consultancy services weakened in the fourth quarter of 2008. Nevertheless, demand for BTS's services remained healthy with the exception of APG, which reported a negative trend in the fourth quarter of 2008. APG has been more exposed, through its customer and product mix, to the weaker market than other Group units have been.

The severe recession is having a significant impact on many BTS clients. BTS considers its position significantly better than its competitors' as a consequence of a well-diversified customer base, underweighting of clients in the most vulnerable industries, and extremely competitive solutions and customer projects of a strategic and long-term nature.

BTS has a small market share, and the Company sees ample opportunity for growth during the recession. BTS's strategy for the recession is based on:

- Focusing sales resources on clients and projects deemed to have ongoing possibilities for growth during the recession.
- Adapting the offering to modified demand in the market.
- Boosting cost efficiency.

This strategy worked during 2008, when the overall market was estimated to have shrunk while BTS continued to grow.

BTS has considerably broadened its range of services and products through product development and acquisitions, so that the range now includes, in addition to the world's leading business simulation models, leading solutions in strategically key fields such as sales and leadership development and web-based training solutions.

Today BTS has the market's most complete range of customized simulation models as well as a well-developed sales organization while it is the only company that can serve major international corporations globally in these fields. BTS can satisfy customers' needs for additional services and solutions to a greater degree, generating significant opportunities for growth in the short and long run.

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 22% of sales in 2008. 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 the business activities of its customers helps BTS reduce exposure to fluctuating conditions in specific industries.

Geographical spread

Most of BTS's sales in 2008 were in North America 68%, while Europe represented 25%, and other markets 7%. In recent years, BTS has enhanced its presence in the markets of 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 competitors.

Operational risks

Quality and brands

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

Intellectual property

BTS owns all rights to the business simulations it develops for clients. Thus BTS has the right to reuse general skills and intellectual property, such as software and adaptations, when developing new business 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 recruiting and skills development model.

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, 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, full-year 2008 SEK thousands
SEK/USD	+/- 10%	+/- 3,241
SEK/EUR	+/- 10%	+/- 485
SEK/GBP	+/- 10%	+/- 1,638

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 5,821 thousands (7,270), corresponding to the largest total credit exposure to a single counterparty.

Multiple-year review

Performance for the past five fiscal years is presented below.

SEK thousands	2008	2007	2006	2005	2004
Net turnover	548,370	523,161	379,097	286,119	205,944
Operating expenses	-466,183	-432,693	-309,345	-233,582	-174,123
Depreciation of tangible fixed assets	-2,369	-2,174	-2,127	-1,772	-1,098
Amortization of intangible assets	-9,356	-10,107	-5,270	-2,069	-
Operating profit	70,462	78,187	62,355	48,696	30,723
Operating margin, %	13	15	16	17	15
Number of employees at year-end	267	230	186	150	107
Average number of employees	249	211	165	143	104
Net turnover per employee	2,202	2,479	2,298	2,001	1,980

Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient liquid assets and a reserve as an approved overdraft facility. BTS may borrow funds only upon the approval of the Board of Directors. Any excess liquidity in subsidiaries is initially to be used to amortize 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, 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 carried forward	43,258,663
Profit for the year	10,305,784
Total	53,564,447

Statement from the Board of Directors on the proposed dividend

The proposed dividend to shareholders will reduce the Parent Company's equity/assets ratio 6%, to 45%, and the Group's equity/assets ratio 3%, to 53%. The equity/assets ratio is considered sound, as the Company's business activities are running profitably. The Board also considers the Company's liquidity 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).

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

SEK	
To be distributed to shareholders: SEK 1.20 per share totaling	21,657,960
To be carried forward to the 2009 accounts	31,906,487
Total	53,564,447

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

It is proposed that the dividend be paid on May 8, 2009.

CONSOLIDATED INCOME STATEMENTS			
SEK thousands	NOTES	2008	2007
Net turnover	10	548,370	523,161
<i>Operating expenses</i>			
Other external expenses	3, 4, 5, 6	-233,110	-244,767
Personnel expenses	7	-233,073	-187,926
Depreciation/Amortization of tangible and intangible fixed assets	8, 9	-11,725	-12,281
<i>Total operating expenses</i>		-477,908	-444,974
OPERATING PROFIT	10	70,462	78,187
<i>Financial items</i>	11		
Financial income		848	756
Financial expenses		-3,724	-6,177
<i>Total profit/loss from financial items</i>		-2,876	-5,421
PROFIT AFTER FINANCIAL ITEMS		67,586	72,766
Tax on profit for the year	12	-22,548	-23,937
PROFIT FOR THE YEAR		45,038	48,829
Profit for the year attributable to:			
Parent Company shareholders		45,038	48,829
Earnings per share (profit for the year attributable to Parent Company shareholders)	13		
Basic earnings per share, SEK		2.50	2.71
Number of shares at year-end		18,048,300	18,048,300
Diluted earnings per share, SEK		2.50	2.70
Proposed dividend per share	14	1.20	1.20

CONSOLIDATED BALANCE SHEETS			
SEK thousands	NOTES	12-31-2008	12-31-2007
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Goodwill	8	161,216	145,093
Other intangible fixed assets	8	28,612	33,048
<i>Tangible fixed assets</i>			
Equipment	9	8,727	5,317
<i>Financial fixed assets</i>			
Deferred tax receivables	17	1,926	2,384
Other long-term receivables	20	3,077	1,959
Total fixed assets		203,558	187,801
Current assets			
<i>Current receivables</i>			
Accounts receivable	20	147,184	115,955
Other receivables	20	6,228	3,899
Prepaid expenses and accrued income	18	28,676	21,288
<i>Total current receivables</i>		182,088	141,142
Liquid assets		65,887	67,473
Total current assets		247,975	208,615
TOTAL ASSETS		451,533	396,416

CONSOLIDATED BALANCE SHEETS			
SEK thousands	NOTES	12-31-2008	12-31-2007
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	19		
Share capital		6,016	6,016
Other contributed capital		39,547	39,547
Reserves		85	-28,257
Profit brought forward, including profit for the year		205,260	181,297
Total shareholders' equity		250,908	198,603
Long-term liabilities			
Other liabilities	20	616	368
Current liabilities			
Accounts payables	20	17,712	23,017
Tax liabilities		6,029	9,281
Other current liabilities	20, 21	93,520	96,977
Accrued expenses and prepaid income	22	82,748	68,170
Total current liabilities		200,009	197,445
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		451,533	396,416
Pledged assets and contingent liabilities	23, 24		

CONSOLIDATED CASH FLOW STATEMENTS			
SEK thousands	NOTES	2008	2007
Current operations			
Operating profit		70,462	78,186
Adjustments for items not included in cash flow, etc.			
Depreciation		11,749	12,312
Other items	16	5,357	-1,144
Financial income	16	848	756
Financial expences	16	-3,724	-6,177
Paid tax for the year		-22,838	-23,890
<i>Cash flow from current operations before changes in working capital</i>		61,854	60,043
<i>Cash flow from changes in working capital</i>			
Change in accounts receivable		-17,831	-30,514
Change in other operating receivables		-7,315	-4,720
Change in accounts payables and other operating liabilities		798	18,004
<i>Cash flow from changes in working capital</i>		-24,348	-17,230
Cash flow from current operations		37,506	42,813
Investing activities			
Acquisition of shares, participations, and operations	16	-23,111	-3,394
Acquisition of tangible fixed assets	9	-5,461	-2,252
Acquisition of intangible fixed assets	8, 16	-	-6,573
Cash flow from investing activities		-28,572	-12,219
Financing activities			
Changes in loans	16, 21	5,634	-14,549
Change in deposits		57	-205
Dividends to shareholders		-21,658	-18,048
Cash flow from financing activities		-15,967	-32,802
Cash flow for the year		-7,033	-2,208
Liquid assets, start of the year		67,473	72,054
Exchange rate differences in liquid assets		5,447	-2,373
Liquid assets, end of the year	16	65,887	67,473

PARENT COMPANY'S INCOME STATEMENTS			
SEK thousands	NOTES	2008	2007
Net turnover	3	2,215	2,551
<i>Operating expenses</i>			
Other external expenses	3,4,6	-1,371	-2,084
Personnel expenses	7	-737	-844
<i>Total operating expenses</i>		-2,108	-2,928
OPERATING PROFIT		107	-377
<i>Financial items</i>	11		
Profit from other securities and receivables treated as fixed assets		13,526	17,719
Interest income and similar profit/loss items		5	84
Interest expenses and similar profit/loss items		-3,288	-5,546
<i>Total profit/loss on financial items</i>		10,243	12,257
PROFIT AFTER FINANCIAL ITEMS		10,350	11,880
Tax on profit for the year	12	-44	-
PROFIT FOR THE YEAR		10,306	11,880

PARENT COMPANY'S BALANCE SHEETS			
SEK thousands	NOTES	12-31-2008	12-31-2007
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Participations in Group companies	15	110,503	108,816
Receivables from Group companies		83,181	66,811
Total fixed assets		193,684	175,627
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		1,270	1,359
Other receivables		8	76
Prepaid expenses and accrued income	18	114	126
<i>Total current receivables</i>		1,392	1,561
Liquid assets		3	14
Total current assets		1,395	1,575
TOTAL ASSETS		195,079	177,202

PARENT COMPANY'S BALANCE SHEETS			
SEK thousands	NOTES	12-31-2008	12-31-2007
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	19		
<i>Restricted shareholders' equity</i>			
Share capital		6,016	6,016
Reserve fund		40,726	40,726
<i>Total restricted equity</i>		46,742	46,742
<i>Non-restricted equity</i>			
Profits carried forward		43,259	51,291
Profit for the year		10,306	11,880
<i>Total non-restricted equity</i>		53,565	63,171
Total shareholders' equity		100,307	109,913
Current liabilities			
Accounts payables		170	283
Liabilities to Group companies		6,705	3,634
Tax liabilities		40	1
Other current liabilities	21	87,569	63,086
Accrued expenses and prepaid income	22	288	285
Total current liabilities		94,772	67,289
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		195,079	177,202
Pledged assets and contingent liabilities	23, 24		

PARENT COMPANY'S CASH FLOW STATEMENTS			
SEK thousands	NOTES	2008	2007
Current operations			
Operating profit		107	-378
Financial income and expenses	16	52	202
Paid tax for the year		-723	-
<i>Cash flow from current operations before changes in working capital</i>		-564	-176
<i>Cash flow from changes in working capital</i>			
Change in other operating receivables		210	204
Change in accounts payable and other operating liabilities		8,360	-1,148
<i>Cash flow from changes in working capital</i>		8,570	-944
Cash flow from current operations		8,006	-1,120
Investing activities			
Dividends received from subsidiaries		10,191	12,055
Acquisition of shares and participations	15, 16	-	-3,394
Cash flow from investing activities		10,191	8,661
Financing activities			
Paid shareholders' contribution	15	-1,687	-
Group contributions		2,425	2,002
Changes in loans		2,712	34
Dividends to shareholders		-21,658	-18,048
Cash flow from financing activities		-18,208	-16,013
Cash flow for the year		-11	-8,472
Liquid assets, start of the year		14	8,486
Liquid assets, end of the year	16	3	14

Group							
SEK thousands	NOTE 19	Share capital	Other paid-in capital	Reserves	Retained earnings	Minority interest	Total equity
Opening balance at January 1, 2007		6,016	39,547	-20,243	149,343	508	175,171
Exchange rate differences				-8,073			-8,073
Total transactions reported directly in shareholders' equity		6,016	39,547	-28,316	149,343	508	167,098
Profit for the year					48,829		48,829
Total income and expenses in shareholders' equity		6,016	39,547	-28,316	198,172	508	215,927
Change in minority interest	16					-508	-508
Share-based payment as per IFRS 2					1,232		1,232
Other adjustments				59	-59		0
Dividends to shareholders					-18,048		-18,048
Closing balance at December 31, 2007		6,016	39,547	-28,257	181,297	0	198,603
Opening balance at January 1, 2008		6,016	39,547	-28,257	181,297	0	198,603
Exchange rate differences				28,342			28,342
Total transactions reported directly in shareholders' equity		6,016	39,547	85	181,297	0	226,945
Profit for the year					45,038		45,038
Total income and expenses in shareholders' equity		6,016	39,547	85	226,335	0	271,983
Share-based payment as per IFRS 2					583		583
Dividends to shareholders					-21,658		-21,658
Closing balance at December 31, 2008		6,016	39,547	85	205,260	0	250,908

Parent Company						
SEK thousands	NOTE 19	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
Opening balance at January 1, 2007		6,016	40,726	55,204	12,101	114,047
Appropriation of earnings according to AGM						
Transfer to retained earnings				12,101	-12,101	0
Dividends to shareholders				-18,048		-18,048
Group contributions				2,780		2,780
Tax effect of Group contributions				-746		-746
Profit for the year					11,880	11,880
Closing balance at December 31, 2007		6,016	40,726	51,291	11,880	109,913
Opening balance at January 1, 2008		6,016	40,726	51,291	11,880	109,913
Appropriation of earnings according to AGM						
Transfer to retained earnings				11,880	-11,880	0
Dividends to shareholders				-21,658		-21,658
Group contributions				2,425		2,425
Tax effect of Group contributions				-679		-679
Profit for the year					10,306	10,306
Closing balance at December 31, 2008		6,016	40,726	43,259	10,306	100,307

Notes

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.

The annual report and consolidated financial statements were approved by the Board of Directors on April 8, 2009.

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) and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Regulations for Groups, and, since January 1, 2005, in compliance with International Financial Reporting Standards (IFRS) as approved by the EU. Unless otherwise stated, these principles have also been applied to the multiple-year reviews presented.

The Parent Company has followed the provisions of the Annual Accounts Act 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.

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

When the consolidated financial statements of December 31, 2008, were prepared, several standards and interpretations had been published that are mandatory for the Group's accounts and apply from January 1, 2009, or later.

Standards that BTS is applying in advance

IFRS 8 – Operating Segments. This standard applies to fiscal years beginning on or after January 1, 2009. The new standard stipulates that segment information be presented from management's perspective, that is, in the manner used for internal reports. The Group's risks and opportunities are affected by its being active in different countries and in different geographic markets. BTS's operations are managed and reported by geographic market only. 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. Consequently, BTS's reporting to date does not deviate from the standard. The application of IFRS 8 will not cause any change in the classification of operating segments from the previous accounts based on IAS 14.

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

IAS 1 (Amendment) – Presentation of Financial Statements. The revisions to this standard apply to fiscal years beginning on or after January 1, 2009. The revised standard will not allow the presentation of revenue and expense items in the statement of changes in equity. Consequently, all changes in equity not related to owners must be disclosed in a separate report covering profit and loss. BTS will apply IAS 1 (Amendment) effective January 1, 2009.

IFRS 2 (Revision) – Share-based Payment. The revisions to this standard apply to fiscal years beginning on or after January 1, 2009. The amended standard clarifies that vesting conditions comprise only service conditions and performance conditions. The Group will apply IFRS 2 (Revision) effective January 1, 2009. However, it is not expected to have any material impact on the Group's financial reporting.

IFRS 3 (Revision) – Business Combinations. The revisions to this standard apply to fiscal years beginning 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 revalued in the income statement. Also, all transaction costs referring to acquisitions shall be expensed. The Group will apply the standard starting in the fiscal year beginning January 1, 2010. The revisions apply prospectively for acquisitions after the date that the revisions take effect and thus will impact accounting for future acquisitions but will not have any impact on acquisitions made previously.

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, which means that 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.
- Exchange rate differences that result are reported as a separate component in equity.

When a subsidiary is acquired, additional consideration may be paid. The anticipated additional consideration is set based on assessments of whether or not the conditions for payment will be satisfied.

Exchange rates for currencies relevant to the Group

	Average 2008	December 31 2008	Average 2007	December 31 2007
USD	6.58	7.75	6.76	6.47
GBP	12.09	11.25	13.53	12.91
EUR	9.61	10.94	9.25	9.47
ZAR	0.80	0.82	0.96	0.94
AUD	5.53	5.36	5.66	5.66
CHF	605.86	734.55	563.31	569.85

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 at net value after value-added tax and 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 the balance sheet date (percentage of completion method). The degree of completion of an assignment is determined by comparing the expenses paid up to the balance sheet date with the estimated total expenses. If the outcome of a service assignment cannot be calculated in a reliable manner, the income from that assignment is recognized only to the extent that it corresponds to the assignment expenses that have arisen and 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 are 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 according to the definition in 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 expenses 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 2006. The plan enables employees to acquire stock in the Company. The fair value of the allocated stock options has been 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 & Scholes model and taking into consideration the conditions prevailing at the time of allocation. The expenses recognized correspond to the fair value of an estimate of the 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 posted when the Company has a legal or other obligation that it deems will need to be settled, the amount can be estimated reliably, and settlement is likely to require resources. Any provision will be measured at the present value of what is deemed to be required to settle the obligation. For this, a discount rate before tax is used that reflects a current market assessment 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 reported 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. Items in the income statement are thus reported along with their associated tax effects in the income statement. The tax effects of items reported directly in equity are reported in equity.

Current tax is the tax to be paid or received for the year in question. This includes adjustments of current tax attributable to prior periods.

According to the balance sheet method, deferred tax is calculated on all temporary differences arising 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. See also the *Standards that BTS is applying in advance* section regarding IFRS 8 – Operating Segments. Each subsidiary's share of total Group sales 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 period of use.

A lease in which a material 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.

Tangible assets

Tangible assets 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 period of use. The following depreciation periods are applied to existing assets.

- Equipment and installations, 3–6 years.

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

Intangible 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 any indication of impairment and 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 period of use 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 (2–9 years).

Franchise contracts

Acquired franchise-holder contracts have a limited period of use 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 period of use and are recognized at acquisition cost less accumulated depreciation and any impairment losses. Amortization is charged on a straight-line basis during the estimated period of use (2–15 years).

Brands

Acquired brands with an indefinite period of use are recognized at acquisition cost less any accumulated impairment losses as appropriate. Impairment tests

are performed annually or more frequently if impairment is indicated.

Acquired brands with a limited period of use 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).

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 this 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 based on the following principle.

The recoverable amounts are based on value in use, calculated as the present value of future growth and earnings forecasts over a multiple of years, taking into account extrapolated cash flows beyond the multiyear period. Initially impairment tests are performed solely on the acquired cash-generating unit. 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 a number of 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 changes are made if the changes affected only that period.

Impairment tests on goodwill and intangible assets with indefinite periods of use

Each year the Group performs impairment tests on goodwill and intangible assets with indefinite periods of use 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 earnings forecasts 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. They are posted in current assets with the exception of items due more than 12 months after the balance sheet date, which are recognized as fixed assets. BTS's loan and accounts receivable are recognized at amortized cost using the effective interest method, less any provisions for impairment. The effective interest method distributes interest income and expense 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 a trade 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 indicators of the possible impairment of a trade 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.

Liquid assets

Liquid assets 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 the 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 Group companies are measured in the currency used where each respective 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 valued at the exchange rate on the balance sheet date, and any exchange rate differences are recognized in the income statement. 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 expenses.

Cash flow statement

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

The category of liquid assets includes, apart from cash and bank balances, current financial investments that are exposed to only 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 balance sheet date.

NOTE 3 – Transactions with related parties

Purchases and sales between Group companies

Group

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) of sales refer to other Group companies.

NOTE 4 – Information about auditors' fees

Fees and remuneration

SEK thousands	Group		Parent Company	
	2008	2007	2008	2007
<i>ÖhrlingsPricewaterhouseCoopers</i>				
Audit assignments	469	455	202	283
Other assignments	-	-	-	-
<i>Other auditors</i>				
Audit assignments	429	581	-	-
Other assignments	24	40	-	-
	922	1,076	202	283

"Audit assignments" refers to audits of the annual report, accounting records, and management by the Board of Directors and CEO, other tasks that are the duty of the Company's auditor, and advice in such tasks. All other work is "Other assignments."

NOTE 5 – Leases and rental agreements

Group

The Group has no financial leases. Expenses for operating leases totaled 17,024 (15,642) for the year. Future leasing and rental fees for operating leases expiring more than one year hence are as follows.

	SEK thousands
2009	14,528
2010	10,219
2011	7,273
2012	4,090
2013	2,156
Later	2,108
Total	40,374

NOTE 6 – Exchange rate differences in operating profit

	Group		Parent Company	
SEK thousands	2008	2007	2008	2007
Impact of exchange rate differences on operating profit:	1,123	-415	107	-65

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

Average number of employees

Group

	2008		2007	
	No. of employees	Of which men	No. of employees	Of which men
<i>Subsidiaries</i>				
Sweden	36	23	31	17
Finland	13	12	12	12
Belgium	6	3	6	4
Switzerland	2	1	2	1
Spain	18	10	14	8
U.K.	10	7	10	7
United States	133	83	114	71
Australia	20	16	14	11
Mexico	1	1	-	-
Singapore	1	1	-	-
South Africa	9	4	8	6
Total for the Group	249	161	211	137

Gender distribution in senior executive group

	2008		2007	
	Women	Men	Women	Men
CEO and other senior executives (excl. the Board)	0	3	0	5
Board	1	3	1	4

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

Parent Company

The Parent Company had no employees in 2008.

Salaries, other compensation, and social security contributions

Group

SEK thousands	2008		2007	
	Salaries and compensation	Social security contributions of which pension expenses	Salaries and compensation	Social security contributions of which pension expenses
Subsidiaries	196,327	29,435	16,206	25,503
		8,937		8,693

Pension expenses for employees who are president of or a member of the board of a Group company total 1,595 (1,656). All pension plans are defined-contribution plans.

Board fees

Parent Company

The CEO is a member of the Board of Directors 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		2008	2007
Dag Sehlin	Chairman of the Board	275	270
Mariana Burenstam Linder	Member	125	123
Stefan Gardefjord	Member	125	123
Tomas Franzén	Member	31	123
		556	639

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

SEK thousands	2008		2007	
	Board and CEO	Other employees	Board and CEO	Other employees
<i>In Sweden</i>				
Parent Company	556	-	639	-
Subsidiaries	3,229	22,982	3,149	20,163
Total Sweden	3,785	22,982	3,788	20,163
<i>Outside Sweden</i>				
United States	6,662	116,066	7,725	92,003
Europe	10,800	19,210	8,231	17,932
Other	1,370	15,452	1,234	11,130
Total outside Sweden	18,832	150,728	17,190	121,065
Total for the Group	22,617	173,710	20,978	141,228

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.

Generally accepted forms of employment and good practice shall be observed in each country of operations with regard to employment benefits. 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 of the Parent Company is entitled to a severance package.

The Board is entitled to deviate from the policies above in individual cases under special circumstances. The Board intends to propose to the AGM that the policies remain unchanged in 2009.

Compensation and benefits

"Other senior executives" refers to the three (four in 2007) people who together 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 10,229 (11,876), of which pension expenses were 1,167 (1,441). All pension plans are defined-contribution plans.

The CEO was paid salary and other benefits totaling 2,468 (2,805), including 114 (638) 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 6,594 (7,630), of which variable remuneration was 2,770 (2,466). 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

In 2006, the BTS Group issued employee stock options to the Group's employees. The employee stock option plans comprise 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 employees in the United States gives the holder the right to acquire one Class B share in BTS at an exercise price of SEK 46.50. Each employee stock option allocated to employees in other countries, including Sweden, gives the holder the right to acquire one Class B share in BTS at an exercise price of SEK 55.00. Each employee stock option 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. Holders must be employed by the Company when they exercise their stock options.

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

	2008		2007	
	Average exercise price per share, SEK	Options (thousands)	Average exercise price per share, SEK	Options (thousands)
At January 1	49.82	775	50.21	784
Allocated	-	-	46.50	30
Forfeited	55.00	-39	55.00	-39
At December 31	49.55	736	49.82	775

Employee stock options that have vested can be exercised during the following periods.

- May 1–29, 2009
- November 2–30, 2009
- February 22–March 19, 2010

A maximum of 24,300 employee stock options per person may be allocated to senior executives, and a maximum of 9,000 per person to other employees. However, a few senior executives in the United States may be allocated a maximum of 99,000 options per person. No individual is guaranteed allocation of employee stock options. No options shall be allocated to Board members appointed by the AGM who are not employees of the Company or any other Group company or to the CEO of the Parent Company. Allocation of employee stock options will take into account an employee's performance, position, and significance to the future development of BTS.

Expenses, primarily for social security contributions, may be incurred when employee stock options are exercised by employees outside the United States. The U.S. options are incentive stock options (ISOs), so that under current legislation they are not subject to social security expenses. Social security contributions are expensed on an ongoing basis during the term of the options and based on the fair value of the options.

The value of the employee stock options was calculated using the Black & Schole's valuation model based on the share price and other market conditions at May 5, 2006, without taking into account vesting limitations. In view of the performance conditions, and assuming annual staff turnover of 5%, the accounting charge was estimated at a total of SEK 3.4 million, which is being expensed in annual installments over the vesting period in line with IFRS 2. The expense for the fiscal year was 583 (1,232). Other important parameters in the model are the price paid on the allocation date (SEK 42.30), the exercise price stated above, volatility of 30%, the anticipated dividend of SEK 0.92 (and thereafter dividend growth of 10% per year), and risk-free interest rates of 3.0%, 3.2%, and 3.3% for two, three, and four-year maturities, respectively.

To be able to carry out the employee stock option plans in a cost-effective and flexible manner and to cover future expenses, mainly social security contributions, the AGM of April 7, 2006, also approved a private placement of warrants with 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 Company's obligations in the employee stock option plans and to cover the 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

Goodwill Group

SEK thousands	12-31-2008	12-31-2007
Opening accumulated acquisition cost	145,093	149,873
Purchases	-	2,547
Translation difference	16,123	-7,327
Closing accumulated acquisition cost	161,216	145,093
Closing carrying amount	161,216	145,093

Other intangible assets

SEK thousands	12-31-2008	12-31-2007
<i>Franchise contracts</i>		
Opening accumulated acquisition cost	7,996	8,497
Purchases	-	-
Translation difference	1,589	-501
Closing accumulated acquisition cost	9,585	7,996
Opening accumulated amortization	-677	-153
Amortization for the year	-639	-533
Translation difference	-135	9
Closing accumulated amortization	-1,451	-677
Closing carrying amount	8,134	7,319

SEK thousands	12-31-2008	12-31-2007
<i>Products, technology, and software</i>		
Opening accumulated acquisition cost	28,153	29,763
Purchases	-	-
Translation difference	5,531	-1,610
Closing accumulated acquisition cost	33,684	28,153
Opening accumulated amortization	-13,696	-5,834
Amortization for the year	-9,138	-8,177
Translation difference	-2,707	315
Closing accumulated amortization	-25,541	-13,696
Closing carrying amount	8,143	14,457

SEK thousands	12-31-2008	12-31-2007
<i>Customer contracts</i>		
Opening accumulated acquisition cost	3,864	4,066
Purchases	-	-
Translation difference	750	-202
Closing accumulated acquisition cost	4,614	3,864
Opening accumulated amortization	-972	-692
Amortization for the year	-337	-282
Translation difference	-175	2
Closing accumulated amortization	-1,484	-972
Closing carrying amount	3,130	2,892

SEK thousands	12-31-2008	12-31-2007
<i>Brands</i>		
Opening accumulated acquisition cost	9,244	9,762
Purchases	-	-
Translation difference	1,812	-518
Closing accumulated acquisition cost	11,056	9,244
Opening accumulated amortization	-864	-196
Amortization for the year	-815	-680
Translation difference	-172	12
Closing accumulated amortization	-1,851	-864
Closing book value	9,205	8,380
Total closing carrying amount, other intangible assets	28,612	33,048

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 forecasts during a four-year period, and on cash flows extrapolated beyond the four-year period. Initially impairment tests are performed solely on the acquired cash-generating unit. 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. Furthermore, an average discount rate in local currency after tax was used for the calculations. Altogether the discount rate used is in the interval of 9.4%-11.1%.

Impairment tests indicated no impairment at December 31, 2008.

A sensitivity analysis was performed for each cash-generating unit, the results of which are shown 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 5%, the overall recoverable amount would decrease 6%.
- 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 16%.

Impairment tests using the assessments above did not indicate impairment.

Distribution of goodwill and other intangible assets by segment

Group

SEK thousands	12-31-2008			
	North America	Europe	Other markets	Total
Goodwill	148,174	10,731	2,311	161,216
Products, technology, and software	8,143	-	-	8,143
Franchise contracts	8,134	-	-	8,134
Customer contracts	3,130	-	-	3,130
Brands	8,549	656	-	9,205
Total	176,130	11,387	2,311	189,828

SEK thousands	12-31-2007			
	North America	Europe	Other markets	Total
Goodwill	123,614	19,168	2,311	145,093
Products, technology, and software	13,540	917	-	14,457
Franchise contracts	7,319	-	-	7,319
Customer contracts	2,786	106	-	2,892
Brands	7,587	793	-	8,380
Total	154,846	20,984	2,311	178,141

NOTE 9- Tangible assets

Equipment

Group

SEK thousands	12-31-2008	12-31-2007
Opening accumulated acquisition cost	16,925	15,895
Purchases	5,759	2,567
Sales and disposals	-547	-983
Translation difference	1,215	-554
Closing accumulated acquisition cost	23,352	16,925
Opening accumulated depreciation	-11,608	-10,515
Sales and disposals	256	673
Depreciation for the year	-2,665	-2,146
Translation difference	-608	380
Closing accumulated depreciation	-14,625	-11,608
Closing carrying amount	8,727	5,317

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	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	North America		Europe		Other markets		Eliminations & unallocated		Group	
<i>Income</i>										
External sales	369,468	368,403	138,205	116,980	40,697	37,778			548,370	523,161
Internal sales	15,612	6,363	33,400	28,196	2,656	1,829	-51,668	-36,388	0	0
Total income	385,080	374,766	171,605	145,176	43,353	39,607	-51,668	-36,388	548,370	523,161
<i>Operating profit</i>	37,871	51,734	30,018	20,454	2,573	5,999			70,462	78,187
Financial income							848	756	848	756
Financial expenses							-3,724	-6,177	-3,724	-6,177
Tax on profit for the year							-22,548	-23,937	-22,548	-23,937
Profit for the year									45,038	48,829
<i>Other information</i>										
Assets	337,333	283,969	90,613	86,890	23,461	23,903	126	1,654	451,533	396,416
Liabilities	79,617	91,293	30,372	10,568	5,477	5,144	85,159	90,807	200,625	197,812
Investments	25,750	7,788	1,108	4,148	1,714	283			28,572	12,219
Depreciation of tangible assets	1,235	1,178	785	716	349	280			2,369	2,174
Amortization of intangible assets	8,855	9,369	501	738	-	-			9,356	10,107

NOTE 11 – Financial items

Group

SEK thousands	2008	2007
Interest income	1,098	574
Foreign exchange gains	-	182
Foreign exchange losses	-250	-
	848	756
Interest expenses	-3,724	-6,177
Total gain/loss on financial items	-2,876	-5,421

Parent Company

SEK thousands	2008	2007
<i>Gains/Losses on other securities and receivables held as fixed assets</i>		
Dividends from subsidiaries	10,191	12,055
Interest income from subsidiaries	3,585	5,482
Foreign exchange gains	-	182
Foreign exchange losses	-250	-
	13,526	17,719
Interest income and similar income statement items	5	84
Interest expenses and similar income statement items	-3,288	-5,546
Total gain/loss on financial items	10,243	12,257

NOTE 12 – Tax on profit for the year

Group

SEK thousands	2008	2007
Current tax for the year	-21,679	-23,901
Deferred tax relating to temporary differences	-869	-36
Total	-22,548	-23,937

Parent Company

SEK thousands	2008	2007
Current tax for the year	-723	-746
Tax effect of Group contributions	679	746
Total	-44	-

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

Reconciliation of effective tax

Group

SEK thousands	2008	2007
Profit before tax	67,586	72,766
Tax expenses based on Swedish income tax rates	-18,924	-20,374
Effects of different tax rates	-2,689	-4,370
Non-deductible expenses	-310	-389
Non-taxable income	529	137
Tax attributable to previous years	-285	1,095
Reported effective tax	-21,679	-23,901
Effective tax rate	32.1%	32.8%

Parent Company

SEK thousands	2008	2007
Profit before tax	10,350	11,880
Tax expenses based on Swedish income tax rates	-2,898	-3,326
Dividends from subsidiaries	2,854	3,375
Non-deductible expenses	-	-49
Reported effective tax	-44	-
Effective tax rate	0.0%	0.0%

NOTE 13 – Earnings per share

Group

Basic

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.

	2008	2007
Profit for the year attributable to Parent Company shareholders, SEK thousands	45,038	48,829
Average number of shares before dilution (thousands)	18,048	18,048
Basic earnings per share, SEK	2.50	2.71

Diluted

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.

	2008	2007
Profit for the year attributable to Parent Company shareholders, SEK thousands	45,038	48,829
Average number of shares after dilution (thousands)	18,048	18,075
Diluted earnings per share, SEK	2.50	2.70

The average price of common stock during 2008 was SEK 29.66 per share, which was less than the exercise price for the options, thus causing no dilution.

NOTE 14 – Dividend per share

Dividends paid in 2008 and 2007 totaled SEK 21,658 thousand (SEK 1.20 per share) and SEK 18,048 thousand (SEK 1.00 per share), respectively. At the AGM to be held April 29, 2009, a dividend for fiscal 2008 of SEK 1.20 per share, totaling SEK 21,658 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	Percent- age equity	Book value 12-31-2008 SEK thousands	Book value 12-31-2007 SEK thousands
Parent Company holdings				
BTS Sverige AB	5,000	100	7,838	7,838
Corp. id. no. 556566-7127				
Domicile: Stockholm				
BTS USA, Inc.	1,000	100	78,396	78,396
Corp. id. no. 06-1356708				
Domicile: Connecticut				
BTS in London Ltd.	5,000	100	6,901	6,901
Corp. id. no. 577 1376 13				
Domicile: London				
Business Training Systems A/S	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	3,092	3,092
Corp. id. no. 099 066 501				
Domicile: Sydney				
Business Training Solutions S.L.	1,031	100	7,979	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	4,841	3,154
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			110,503	108,816
Opening acquisition cost			108,816	105,422
Investments/Acquisitions			1,687	3,394
Closing acquisition cost			110,503	108,816

NOTE 16 – Cash flow information

Group

SEK thousands	2008	2007
<i>Other items</i>		
Share-based payment as per IFRS 2	583	1,232
Exchange rate differences recognized directly in equity	4,774	-2,376
Total	5,357	-1,144

	Group		Parent Company	
SEK thousands	2008	2007	2008	2007
<i>Financial income and expense</i>				
Interest income	1,098	574	3,590	5,566
Foreign exchange gains	-	182	-	182
Foreign exchange losses	-250	-	-250	-
	848	756	3,340	5,748
Interest expenses	-3,724	-6,177	-3,288	-5,546
Total	-2,876	-5,421	52	202

SEK thousands	2008	2007
<i>Investing activities</i>		
Additional consideration, APG & RLC	-23,111	-6,573
Additional consideration, BTS Spain	-	-536
Purchase price, acquisition of minority interest, BTS Australasia	-	-2,858
Total	-23,111	-9,967

Additional consideration, APG and RLC

In September 2006, BTS completed the acquisition of all business operations in the Advantage Performance Group (APG) and the Real Learning Company (RLC). The initial purchase price was paid as cash consideration and a private placement of shares with the sellers of the companies at the time of the acquisitions. Additional consideration was paid in 2007, and the final additional consideration was paid in 2008.

Additional consideration, BTS Spain

Internet Simulations Consulting, S.L., now called Business Training Solutions S.L., was acquired in July 2003. The initial purchase price was paid as cash consideration, in part on acquisition and in part as performance-based additional consideration in 2003. Further additional consideration was paid in 2004, 2005, and 2006, and the final additional consideration was paid in 2007.

Purchase price for acquisition of minority interest

In 2002, BTS Australasia PTY Limited was acquired, with 90.1% of the subsidiary owned. In 2007, the remaining 9.9% of the company was acquired, and BTS Australasia PTY Limited is now wholly owned, as the other subsidiaries are.

NOTE 17 – Deferred tax assets and liabilities

Group

SEK thousands	12-31-2008	12-31-2007
Deferred tax assets that can be utilized within 12 months	793	1,541
Deferred tax assets that can be utilized after more than 12 months	1,133	843
Total deferred tax assets	1,926	2,384

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	12-31-2008	12-31-2007
Accrued income	13,648	11,254
Prepaid rent	1,701	684
Other items	13,327	9,350
Total	28,676	21,288

Parent Company

SEK thousands	12-31-2008	12-31-2007
Other items	114	126

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.

Closing accumulated exchange rate differences recognized directly in equity totaled -1,252. Opening accumulated differences totaled -29,594. The change resulted from the translation of foreign subsidiaries.

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	12-31-2008	12-31-2007
Other non-current receivables	3,077	1,959
Accounts receivable	147,339	116,084
Provisions for doubtful accounts receivable	-155	-129
Other current receivables	903	325
Liquid assets	65,887	67,473
Total financial assets	217,051	185,712
Other non-current liabilities	523	263
Accounts payables	17,712	23,017
Other current liabilities	85,096	72,320
Total financial liabilities	103,331	95,600

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 comprise 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. Trade payables in the BTS North America operating unit constitute 58% (58) of the Group's total accounts receivable. The table below shows the distribution of accounts receivable by currency.

Group

SEK thousands	12-31-2008	12-31-2007
SEK	5,493	7,385
USD	86,966	68,125
GBP	11,098	9,711
EUR	26,414	19,273
Other currencies	17,213	11,461
Total accounts receivable	147,184	115,955

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 707 (522) on earnings. Provisions for doubtful accounts receivable totaled 155 (129) and were offset against accounts receivable.

At December 31, 2008, accounts receivable totaling 34,663 (18,280) were more than 30 days past due; this excludes accounts receivable for which provisions were made. The structure of due dates is shown in the table below.

Group

SEK thousands	12-31-2008	12-31-2007
Total accounts receivable	147,184	115,955
due more than 30 days previous	14,881	11,553
due more than 60 days previous	19,782	6,727

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

Liquid assets

At the balance sheet date, 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 receivable are deemed reasonably approximate to their fair value, so they are not discounted to present value. All accounts receivable fall due within 12 months.

Other current liabilities chiefly consist of the Group's bank overdraft facility (attributable to acquisitions previously completed) totaling 81,690 (62,608). The USD exchange rate at December 31 increased the debt expressed in Swedish krona year-on-year, which was the main reason for the change from the preceding year.

Foreign exchange risk

The Group is exposed to foreign exchange risks linked to the translation of foreign subsidiaries, which influences consolidated profit and equity. The currencies that have the greatest influence are USD, EUR, and GBP. The sensitivity analysis below shows the effects on operating profit/loss based on BTS's 2008 income statement and should only be seen as an indication of the significance of the different currencies.

Exchange rate	Percentage change	Change, full-year 2008, SEK thousands
SEK/USD	+/-10%	+/-3,241
SEK/EUR	+/-10%	+/-485
SEK/GBP	+/-10%	+/-1,638

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's sales are sufficiently spread among a large number of companies operating in a variety of sectors.

The maximum credit risk at year-end was 5,821 (7,270), 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 2008, SEK thousands
Interest on bank overdraft facility	+/- 10%	+/- 297

BTS's policy is to allow borrowing with the Board's approval. Excess liquidity in subsidiaries is initially to be used to amortize loans. Interest risk is limited to the fluctuating return on cash and cash equivalents invested at variable rates.

Group

SEK thousands	12-31-2008	12-31-2007
Liquid assets	65,887	67,473
Approved bank overdraft facility	115,046	104,435
Unutilized portion of bank overdraft facility	-33,356	-41,827
Liquidity available	147,577	130,081

Managing risk on capital

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 56% (50).

NOTE 21 – Bank overdraft facility

Group

SEK thousands	12-31-2008	12-31-2007
Approved credit	115,046	104,435
Unutilized portion	-33,356	-41,827
Utilized credit amount	81,690	62,608

Parent Company

SEK thousands	12-31-2008	12-31-2007
Approved credit	99,232	89,584
Unutilized portion	-17,542	-26,976
Utilized credit amount	81,690	62,608

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

SEK thousands	12-31-2008	12-31-2007
Accrued salaries	44,855	31,917
Accrued social security contributions	4,070	2,658
Prepaid income	19,635	22,318
Other items	14,188	11,277
Total	82,748	68,170

Parent Company

SEK thousands	12-31-2008	12-31-2007
Other items	288	285

NOTE 23 – Pledged assets**Group**

SEK thousands	12-31-2008	12-31-2007
<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	12-31-2008	12-31-2007
Guarantee commitments on behalf of subsidiaries	4,361	3,638

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 provide a true and fair view, respectively, 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 April 29, 2009.

Stockholm, Sweden, April 8, 2009

Dag Sehlin
Chairman of the Board

Henrik Ekelund
Chief Executive Officer

Mariana Burenstam Linder

Stefan Gardefjord

Our audit report was submitted on April 14, 2009
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

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 2008. The Company's annual report and consolidated financial statements are included in the printed version of this document on pages 12-37. 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 14, 2009

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant
Managing Auditor

Board of Directors and Auditors

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 boards of Kontanten AB and Sweden-America Foundation.
Member of the boards of TietoEnator Oy and SâKi AB.
Options and shareholdings in BTS Group AB: 12,100 Class B shares.

Mariana Burenstam Linder has wide 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 3,181,825 Class B shares.

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 and its major shareholders.

Stefan Gardefjord

Born 1958.

Member of the Board of BTS Group AB since 2003.
President of Logica Sverige AB.

Other assignments: Member of the board of Logica Sverige AB.

Options and shareholdings in BTS Group AB: 5,000 Class B shares.

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. In 2001, he was president and CEO of M2S Sverige AB. 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.

Chairman of the Board of BTS Group AB since 2003.

Other assignments: Member of the board of ProAct IT Group AB. Options and shareholdings in BTS Group AB: 6,000 Class B shares.

Dag Sehlin has long-term experience in senior positions in the Swedish financial sector. Former positions include CFO and acting president of Posten AB, vice president of OM-Gruppen, and prior to this he held various positions in accounting and finance at several Swedish companies. 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 data on options and shareholdings above was correct at December 31, 2008.

Senior Executives



Henrik Ekelund

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



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 22 500 Class B shares.



Jonas Åkerman

Born 1963.
President of BTS USA Inc.
Employed by BTS since 1991.
Options and shareholdings in BTS Group AB:
913,800 Class B shares and employee stock options for
75 000 Class B shares.

The data on options and shareholdings
above was correct at December 31, 2008.

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.
Acquisitions and key accounts.
Employed by BTS since 1986.



Stefan Hellberg

Born 1957.
Responsible for the sales and personnel process as
well as IT.
Employed by BTS since 1986.



Jonas Åkerman

Born 1963.
President of BTS USA Inc.
Employed by BTS since 1991.



Rommin Adl

Born 1964.
Executive Vice President and Managing Director of
BTS Interactive.
Employed by BTS since 1994.



Peter Mulford

Born 1968.
Executive Vice President and Managing Director
of BTS New York.
Employed by BTS since 1997.



Dan Parisi

Born 1968.
Executive Vice President and Managing Director
of BTS San Francisco.
Employed by BTS since 1995.



Richard Hodge

Born 1947.
Executive Vice President and Global Partner.
Employed by RLC since 1994.

President, Advantage Performance Group Inc.



Annika McCrea

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

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