

 **BTS**

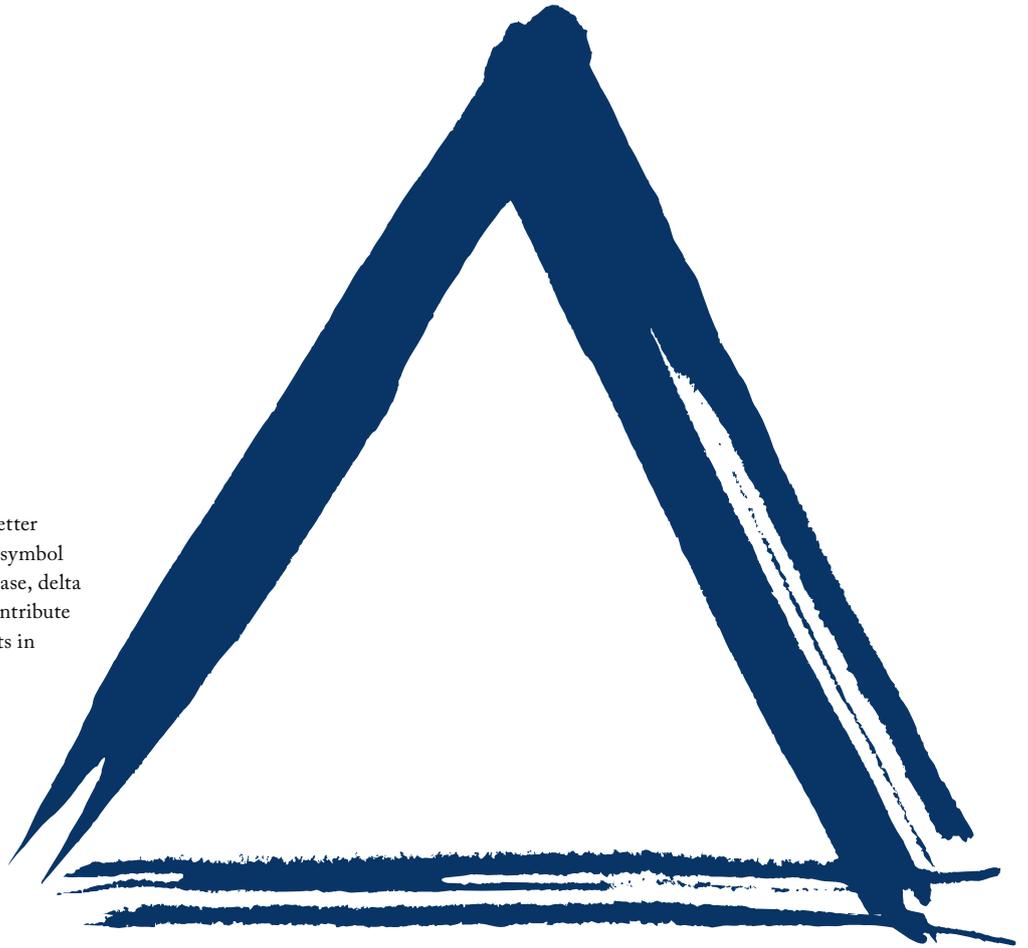
Catalysts for Profitability and Growth

Annual report
2005



“Delta” for change

The BTS logo features the Greek letter “delta”, which is the mathematical symbol for difference or change. In BTS’ case, delta represents the company’s will to contribute to lasting change and improvements in results for our customers.



INFORMATION FOR SHAREHOLDERS

Annual General Meeting 2006

The shareholders in BTS Group AB (publ) are hereby invited to the Annual General Meeting (Ordinary General Meeting) on Friday, 7 April 2006 at 13.00 at the company premises, Grevgatan 34 5tr, Stockholm, Sweden.

Shareholders who wish to attend must be registered in the share book maintained by VPC no later than Friday, 31 March 2006 and must notify BTS Group AB of their intention to attend no later than Tuesday, 4 April 2006, at 16.00.

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

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

Nominee shareholders must temporarily register the shares in their own name with VPC AB to be entitled to participate in the Annual General Meeting Requests for such registration must be made in good time before Friday, 31 March 2006.

DIVIDEND

The Board proposes a dividend of SEK 2.75 per share.

REPORTS AND FINANCIAL INFORMATION 2006

Interim reports

January-March	26 April 2006
January-June	23 August 2006
January-September	19 October 2006
Year end report	February 2007

The reports listed above are available on request from BTS Group AB, Grevgatan 34, 114 53 STOCKHOLM, SWEDEN

tel. +46 8 587 07 000, fax: +46 8 587 07 001, e-mail ir@bts.com

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

DEFINITIONS

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

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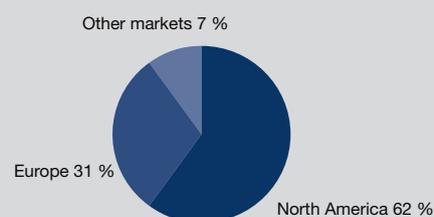
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THE YEAR IN BRIEF

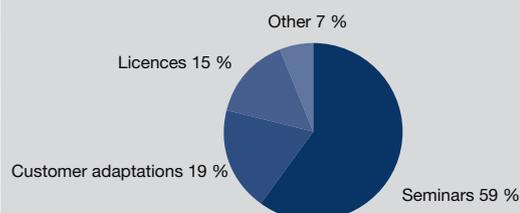
- During the year, net turnover rose by 39 per cent and amounted to MSEK 286.1 (205.9). Adjusted for changes in exchange rates, growth amounted to 37 per cent.
- Results for 2005:
 - The operating result rose by 59 per cent to MSEK 48.7 (30.7).
 - The operating margin was 17.0 (14.9) per cent.
 - The result before tax increased by 71 per cent to MSEK 55.1 (32.2).
 - The result after tax increased by 80 per cent to MSEK 36.8 (20.4).
 - Earnings per share rose during the year by 81 per cent to SEK 6.21. (3.44).
- New customers acquired during the year included Alstom, Amer Sports, Bacardi, Gap, GlaxoSmithKline, Maersk, Sony Ericsson and Tyco.
- New offices have been opened in Beijing, China, and Melbourne, Australia.
- During the year, BTS acquired SMG Learning Solutions in Philadelphia, USA, and Business Game Factory (BGF) in Helsinki, Finland.

KEY RATIOS	2005	2004
Revenues, KSEK	286,119	205,944
Operating result, KSEK	48,696	30,723
Result before tax, KSEK	55,058	32,200
Result after tax, KSEK	36,777	20,401
Operating margin, %	17	15
Profit margin, %	13	10
Operational capital, KSEK	52,804	6,334
Return on equity, %	27	19
Return on operational capital, %	165	283
Solidity at the end of the year, %	64	71
Cash flow, KSEK	-9,332	22,361
Cash flow from current operations, KSEK	37,455	32,137
Liquid funds at the end of the year, KSEK	101,145	110,477
Number of employees at the end of the year	150	107
Average number of employees	143	104
Net turnover per employee, KSEK	2,001	1,980

Net turnover per operational unit 2005



Net turnover by source of revenue 2005



THIS IS BTS

BTS offers tailor-made business simulations

BTS is an international consulting and training company that offers solutions based on tailor-made business simulations. BTS develops the capabilities within companies to analyze and make decisions focused on the factors that drive growth and profitability. BTS business simulations provide corporate management teams with efficient support in implementing strategic changes and improving results.

BTS helps companies to implement change and profit improvement

BTS is typically called on in connection with change processes, deployment of new business goals, strategies and key performance indicators throughout the organization, process efficiency improvements, leadership development and mergers and acquisitions.

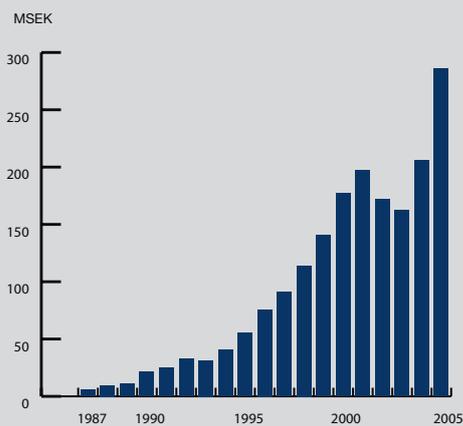


World-leading position

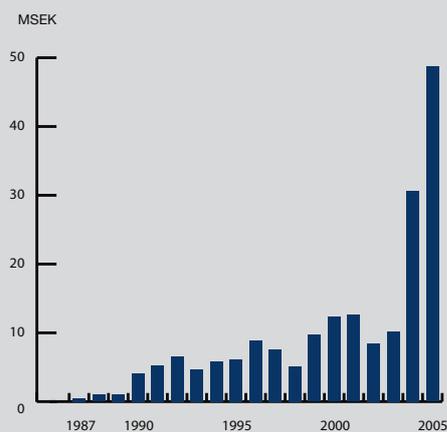
BTS is the world-leading supplier of tailor-made business simulations and currently works for some 200 companies all over the world – primarily companies that operate in the industries of; Manufacturing, Telecom, IT, Banking/Insurance, Pharmaceuticals/Biotechnology, Distribution and Energy.

More than 20 of the largest companies in the world - including Boeing, Coca-Cola, Nokia and Toyota - are BTS customers.

BTS's revenues 1987-2005



BTS's operating results 1987-2005



WORDS FROM THE CEO

“World-leading position in a growth market”

2005 was a good year for BTS. We reinforced our world-leading position through continued organic growth and successful acquisitions. Revenues grew by 39 per cent and our result before tax increased by 71 per cent. We developed positively within our strategic areas – product portfolio, customer base, productivity and organization.

A growing market

Corporate change activities are increasing, as is the need for training. New market conditions and new technology are key drivers. External market research estimates that our total market is growing by 8 per cent per year.*

Traditional forms of training do not produce sufficient results. Companies are tired of purchasing courses from which employees return with a file of slides, and some notes. Companies want to see clear effects of their investments in training – closely linked to their business and how to improve it.

We learn the most by doing things; making decisions and seeing results. Simulations make this possible and are much more efficient than traditional training methods. That is why simulations are becoming increasingly popular. We estimate that the market for simulations will grow faster than the 8 per cent per year predicted for the market as a whole.

Pilots learn more from using an aircraft simulator than from a series of lectures – BTS provides the same opportunity for all managers and employees in the business world.

World leaders in business simulations

BTS is the world leader in business simulations by any measure – size, customer base, global reach, depth and breadth of product portfolio or innovation capacity.

We are the leading supplier of business simulations to global multinationals – in fact, more than 20 of the 100 largest companies in the world are customers of BTS.

Our capacity to tailor each business simulation and solution to the business model and change requirements of a specific company leads to major victories in the marketplace. We are a long way ahead of our competitors in this regard, helping us to win many projects.

Organic growth is our base

BTS is a growth company. The foundation of our growth is organic expansion of existing offices, geographical expansion in the form of new offices, and continuous development of new products.

**Footnote: IDC September 2005, refers to the market for “corporate training of business skills”.*

We work systematically to drive organic growth – with a process for building revenue potential in our customer base and a process for improving revenue generation by the BTS organization and among our employees. Each process comprises five driving forces for growth, for which goals are set and results measured.

We grow with our customers

BTS currently has approximately 200 customers, most of which are among the 1,000 largest companies in the world. Our customer base has expanded rapidly during the past five years as a result of successful sales and through acquisitions.

Our existing customer base contains significant growth potential; one BTS priority is to offer a greater range of our solutions to many more of our existing customers.

Coca-Cola, Norwegian Mail and Texas Instruments are all examples of customers with whom we have built broad and deep working relationships. We are currently working with many more customers to develop relationships of this kind, in which they engage BTS to handle increasingly large portions of their training requirements – within various business units, in multiple countries and in the context of new projects.

We are growing geographically

Today, 62 per cent of our turnover comes from the United States and 31 per cent from Europe.

Our three offices in the United States (Stamford, San Francisco and Philadelphia) will continue to grow, and we anticipate opening new offices in North America in the future.

In Europe, we are strongly represented in the Nordic region, UK and Spain. During 2005, our European operations developed positively, growing by 45 per cent and generating an operating margin of 20 per cent. In 2006, we plan to intensify our focus on Western and Central Europe.

Our offices on Other Markets (Australia, South Africa and East Asia) all have major growth potential. In these countries, we are currently and progressively developing a future “third base for growth” with the long-term goal of attaining the same market-leading position as we enjoy in the United States and parts of Europe.



We are growing through product development

In 2005, our range of products underwent greater development than in any previous year. This occurred partly through comprehensive in-house development for client-financed projects, and partly through the acquisition of SMG, which added a broad range of solutions. Over the years, BTS has worked progressively to build the broadest and most specialized range of tailor-made simulation solutions on the market. As a result, BTS is better placed to meet the requirements of existing clients for new solutions, which generates significant opportunities for growth in both the short- and long-term.

Acquisitions constitute a more and more attractive growth option

In recent years, we have learned that we can also grow successfully through acquisitions. There are several reasons for this:

- The market is highly fragmented, which opens up opportunities for profitable acquisitions.
- BTS is not burdened by debt, has a strong cash position and a positive cash flow every year, which together open up financial opportunities.
- The acquisitions BTS has completed to date have developed very positively.

In 2005, we acquired SMG Learning Solutions in the United States and BGF in Finland. SMG has proved to be a very good investment, already returning excellent results in 2005. The acquisition included SMG's customer base, product portfolio and organization – all three having great value for the future. The acquisition of BGF puts us in a position to become the world-leader in a closely related niche: Web-based open tournaments in which teams enroll and compete against other teams via the Internet.

With four successful acquisitions behind us, we have shown that this approach works well for us in combination with organic growth. In the future, acquisitions will continue to play a significant role in our growth.

BTS is growing profitably

Our operating result for 2005 grew by 59 per cent to MSEK 48.7 (30.7) while our operating margin increased to 17.0 (14.9) per cent. By working close to our customers and taking an entrepreneurial approach - supported by well-developed processes - we can invest in new products and markets and grow with good profitability.

We work continuously to improve our conditions for generating profits, for example, by:

- Increasing revenues from licenses
- Improving work methodology and productivity
- Reuse simulation solutions
- Developing the competencies of our staff
- Developing our price models
- Improving resource utilization and allocation

We invest in our employees to drive growth and profitability.

BTS's goal is to have the best and most motivated employees. With their help, we can develop the best solutions, deliver the best quality and perform the most efficient sales work. We succeed in this by offering an attractive workplace, by excelling at recruiting and retaining employees and by investing in the development and training of everyone who works for BTS.

Prospects for 2006

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

Stockholm, March 2006

Henrik Ekelund

President and CEO of BTS Group AB

WHAT BTS PROVIDES

Efficient tools, experience and commitment help both BTS and its customers reach their goals.



Developing and growing companies is about experience, leadership and the courage to drive change. Successful businesses are distinguished by strong leaders and empowered employees committed to develop, make and implement decisions and change on a continuous basis.

New markets, new competition and new technology are opening up greater opportunities and challenges for companies than ever before. The need for change and improvement is growing.

BTS uses tailor-made business simulations to support management teams in implementing change and improving profitability. BTS develops the capabilities within companies to analyze business challenges and make decisions focused on the factors that drive growth and profitability.

Thanks to a combination of efficient pedagogy, relevant content and committed consultants, the BTS business solutions have become one of the most successful and pioneering concepts in the world for implementing lasting organizational change and result improvements. BTS's simulations are tailor-made to match our customers' business models and change requirements and are implemented as computer-based, board-based or Web-based solutions. A range of implementation technologies make our solutions very flexible, allowing customers to reach all their employees irrespective of the organizational structure and geographical reach of the business.

BTS unites efficient tools, in-depth experience and commitment - a winning formula for creating lasting value and change.



VISION, GOALS AND STRATEGY

Vision

World leader in business simulations – innovating how companies change, learn and improve.

Mission

To support our clients in implementing change and profit improvements.

Financial goals

BTS's financial goals are:

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

Overriding goal

BTS's overriding goal is to be the leading supplier of business simulations in the markets where the company actively competes.

Strategies

Focus on business acumen training solutions of strategic importance to the customer

BTS believes that the company can more easily maintain and reinforce its market position by focusing on training in business acumen and closely related areas.

In particular, BTS focus on assignments whose solutions are of appreciable value to the customer – in the deployment and implementation of strategies and other significant changes.

Develop training solutions based on tailor-made business simulations

BTS's training solutions are based on tailor-made business simulations – an exceptionally efficient tool with high value for customers. The market for such solutions is growing and BTS commands a leading position.

BTS seeks to supply complete solutions of very high quality reaching managers and employees in the most efficient manner through the use of computer-based, board-based, or Web-based solutions.

BTS will maintain ownership of the intellectual property rights to the business simulations it develops for customers.

Concentrate on large, leading customers within selected sectors

BTS is to focus on customers within selected sectors, primarily Manufacturing, Telecom, Information Technology, Banking/Insurance, Pharmaceuticals/Biotechnology, Energy and Distribution.

BTS will strive to have large, leading international companies as customers. Such customers present appreciable additional sales potential and make high demands, reinforcing BTS's ability to maintain its leading market position.

Build network-based marketing and long-term customer relations

As good customer references are of vital to the sale of BTS's services, relationships with existing customers are central to continued growth. BTS will deliver high quality to satisfy customer requirements with a view to establishing long-term customer relationships and ensuring repeat business over time. BTS will also strive to achieve new sales based on good references from existing customers.

Continually expand the range of products and services in close collaboration with customers

BTS will continuously develop new training solutions and business simulations in close collaboration with customers.

BTS will base development of its business solutions on generally accessible, standard technology. The company will continuously evaluate and apply new technology to assure development and delivery of the highest possible quality and with the shortest possible lead times.

Combine organic growth with acquisitions

BTS will drive growth primarily from organic development, but may complement it through appropriate acquisitions. In this context, "appropriate acquisitions" refers to companies that complement BTS as regards geographical presence, new products and competence areas, or new market segments.

Recruit and retain outstanding employees

In order to supply customers with the most competent resources on the market, BTS will recruit employees who have demonstrated outstanding qualities and who have generated remarkable results. The company offers its employees challenging and interesting commissions, good opportunities for long-term development, attractive working conditions and competitive salaries.

BUSINESS MODEL

The foundation for BTS's growth: strong focus on quality, long-term customer relationships and network-based marketing.

Growth

Satisfied customers generate long-term customer relationships that grow

An initial customer assignment will often be completed in collaboration with the customer's senior executives and key personnel. Thanks to BTS's focus on quality and the positive change and results generated for the customer, the successful completion of the first project often leads the customer to ask for tailor-made solutions for broader groups of employees at different levels within the organization.

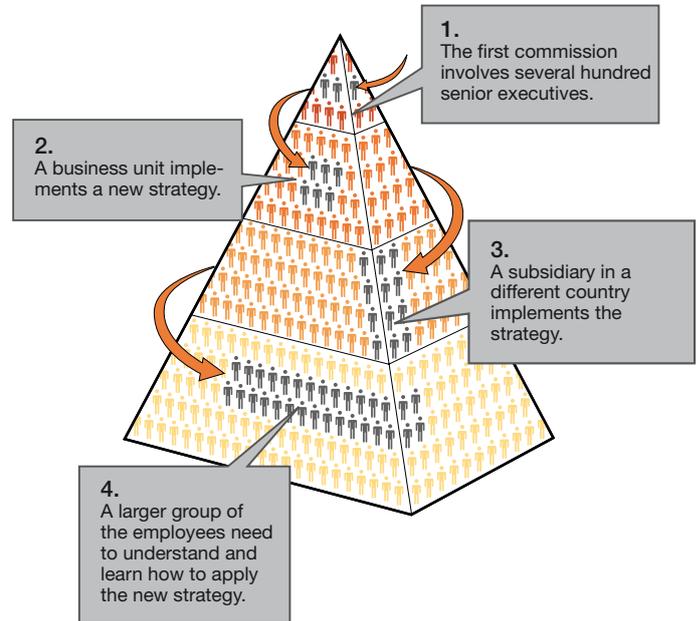
In time, BTS's capacity to meet the customer's various training requirements in different parts of the organization makes it possible to build a portfolio of customer-specific training solutions. This approach ensures long-term partnerships and close customer relations.

Network-based marketing attracts new customers

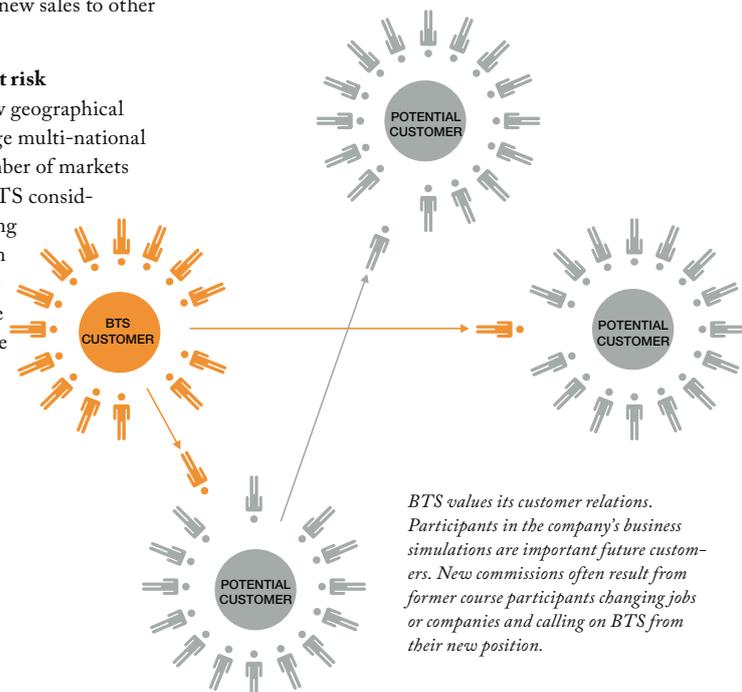
BTS employs network-based marketing focused on selected sectors. BTS cultivates good customer relations and a network of contacts with the people who have completed the company's business simulations. This network helps generate opportunities for new commissions and new customers. When it cultivates a new sector, BTS initially focuses on a few large and leading companies. The work completed for these customers subsequently serve as positive reference projects in the context of new sales to other customers from the same sector.

Geographical expansion with limited market risk

BTS progressively expands its activities to new geographical markets. The company already works with large multi-national companies and delivers projects in a large number of markets without its own local representation. When BTS considers starting operations in a new market, existing customer relationships form the foundation. In addition, BTS works to cultivate large companies active in that market. Once business there has grown to a sufficient volume and the future potential looks attractive, BTS can open a new, local office.



The model describes how BTS generates business. When BTS starts work on a project for a new company, the initial phase often involves the company management and most senior executives. Satisfied managers commission BTS for assignments in other parts of the organization. Successful relations lead to additional projects over a protracted period. On the basis of its broad range and its product development skills, BTS can work with the customer to create tailor-made business simulations to cover many relevant areas.

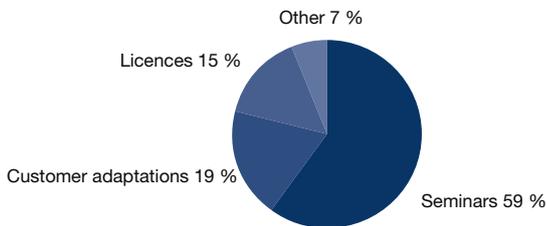


BTS values its customer relations. Participants in the company's business simulations are important future customers. New commissions often result from former course participants changing jobs or companies and calling on BTS from their new position.

Profitability

Developing the revenue mix

BTS generates revenues from three main areas: customer adaptations, seminars and licenses. The company works continuously to develop and combine these forms of training to ensure optimal customer benefit and, at the same time, to improve its own profitability.



BTS's distribution of revenues in 2005.

More efficient customer adaptations

In collaboration with customers, BTS tailors the content and form of its business simulations. The company has successfully improved profitability by increasing the efficiency of the customer adaptations process. This improvement resulted from advancement of development methods and increased reuse of previous development work.

When BTS chooses to develop solutions for new sectors, customer adaptation costs initially rise. With the later reuse of experience and skills, these costs subsequently fall again.

Seminars - the centerpiece of revenues

Instructor-led seminars still comprise the greatest source of revenue for the company and the dominant form of business simulation delivery. BTS consultants facilitate the business simulations tailor-made for each customer. Seminar activities are more profitable than customer adaptations.

An increasing share of revenue from licenses

The share of license-based business simulations is increasing steadily. BTS delivers these simulations via Web-based solutions, on CD-ROM or as board simulations. License-based business simulations constitute an efficient tool for the customers and a profitable line for BTS. For this reason, the company is working to systematically increase revenues from licenses. In 2005, the share of revenues from this source increased to 15 (12) per cent.

BTS develops license-based solutions through two product-specific units: BTS Interactive and BTS Board Solutions. BTS Interactive combines competence from BTS and SMG Learning Solutions, the company BTS recently acquired.

Customer potential

Valuable customer relationships

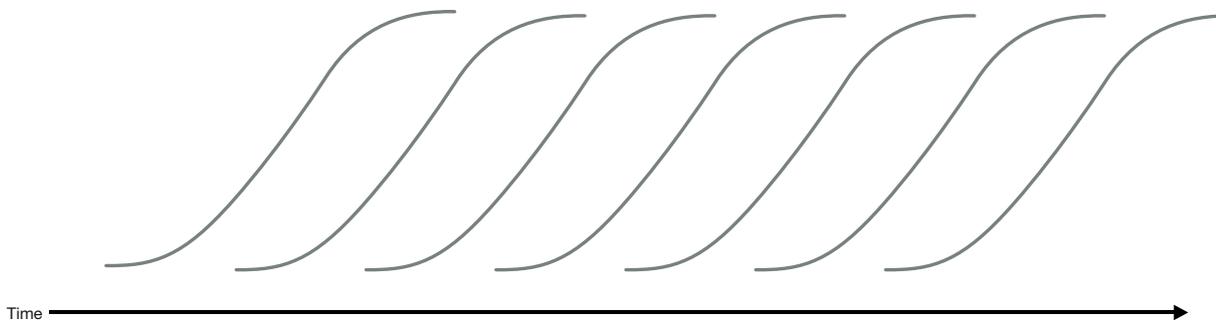
BTS sees great potential in growing in step with existing customers. About 80 per cent of annual revenues typically come from customers with whom BTS worked during the previous year. Today, typical customer relationships range from 6 to 8 years - some even longer.



BTS has long-term customer relationships. In fact, as much as 80 per cent of annual sales come from existing customers.

The rate of change is increasing the need for efficient tools

The demand for efficient tools for successfully handling development situations is growing as customers identify an increasing need to to adapt their operations to suit new market conditions. This increase in demand, combined with BTS's expanded range of attractive new products and services, puts the company in an even better position to satisfy the needs of existing customers for new solutions and to build even closer relationships with them -which naturally generates excellent opportunities for growth. BTS is increasingly becoming a strategic partner to its customers, assisting in important development matters for more and more clients.



BTS works to provide customers with continuous support in different strategic development areas. As their needs change in time, BTS works to support the customer in various types of development and training projects.

THE MARKET

Market conditions for corporate training are good. BTS's primary market continues to show strong global demand.

According to a survey completed by IDC in 2005 (US Corporate Business Skills Training 2005-2009 Forecast and Analysis) corporate clients are currently looking for skills development within four main areas: Business skills content, Vocational content, IT content, and Safety/Compliance content. BTS is focusing its products and services on the Corporate Management and Control segment. In this area BTS primarily targets corporate management teams and managers at all levels.

Today, corporate training is supplied in three main formats: classroom-based, technology-based and text-based training. Most BTS solutions are classroom and technology-based.

Market development

At the beginning of the 2000s, a weak global economy cut demand for corporate training. However, with the return of profitability to the international business community, interest in corporate training courses has increased again.

Continued growth

According to IDC 2005, spending by American companies on training in the field of corporate management and control rose by 9 per cent in 2005. That trend is expected to continue. In fact, IDC forecasts an annual growth rate of 8 per cent in the period 2004-2009. It is expected that growth will remain good for all forms of training in the area of Business skills. Moreover, the companies that comprise BTS's target group -large international companies and organizations -are experiencing a more rapid rate of growth, and facing new technologies and new competition. BTS believes that the market segment for training based on simulation technology will develop more rapidly than the market in general.

United States leads development

Due to its size and the homogeneity of its business community in language and culture, the American market is leading development in training for business skills. Development in Europe and Asia tends to follow the American market. In BTS's opinion,

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

The various forms of delivery for corporate training

this type of training will be in great demand in these parts of the world, too.

Market trends

In its report, IDC highlights a number of trends BTS considers important to the company's development.

Skills development - a strategic issue

Skilled and motivated employees constitute a crucial resource for today's increasingly service-intensive companies. Strategic training programs are no longer limited to a handful of managers; they now encompass broad groups of employees.

Customers want adapted complete learning solutions

Customers are increasingly looking to training companies to take holistic responsibility for the solutions they supply. This includes needs analysis and content development, delivery and technical solutions, as well as qualitative follow-up on application and results.

The share of technology-based training is increasing

Technology-based training will come to play a significant role in the training programs run by large businesses. Accessible technology reinforces the quality of training, generates flexibility in terms of time and location, and helps ensure cost-efficiency.

The importance of management and process development is growing

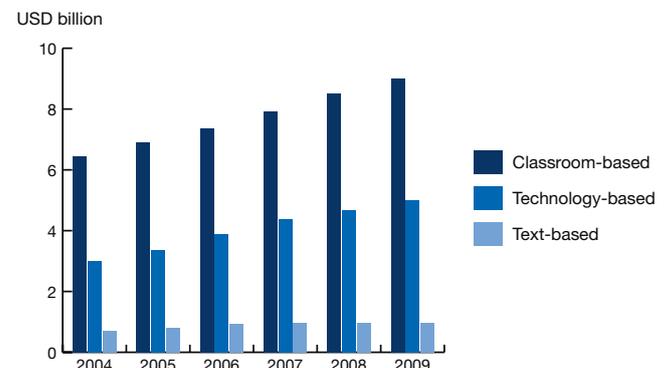
The importance of linking a company's operations and organizations to its strategic development, together with the need to develop experienced and highly trained leaders and managers, is stimulating the demand for management and process development.

Training solutions are becoming global

Global strategies demand a global perspective on training. Companies look for training solutions that can cover the full scope of their international activities. They are making demands for various types of technology-based training courses that make use of the Internet, intranets and CD-ROMs. At the same time, they increasingly want the option of running courses in multiple languages.

Greater requirements to measure business impact

Customers want to follow up on results from training programs to see how they have contributed to the achievement of stated goals.



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

Shorter training courses with equal results

Suppliers are being pressured to shorten the training courses they offer so as to reduce production downtime - without compromising on results.

Competitors

The IDC survey also details the competitive situation on the market for corporate training. BTS has identified a number of competitors, including:



The corporate training market comprises a large number of different players.

Fragmented market

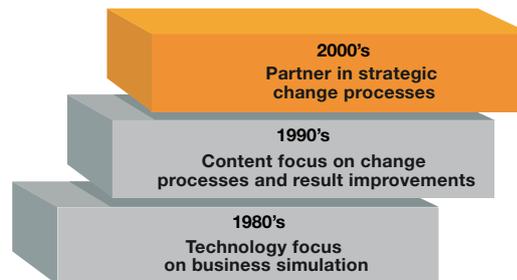
Competition in the corporate management and control segment shows is fragmented with a wide variety of players such as specialists in business simulations, management consultants, training companies, e-learning companies, internal training units and business schools.

Collaboration between players

The strategic view companies take on skills development result in greater coordination and the purchase of holistic solutions. This, in turn, leads to increased collaboration among suppliers and to consolidation through mergers and acquisitions.

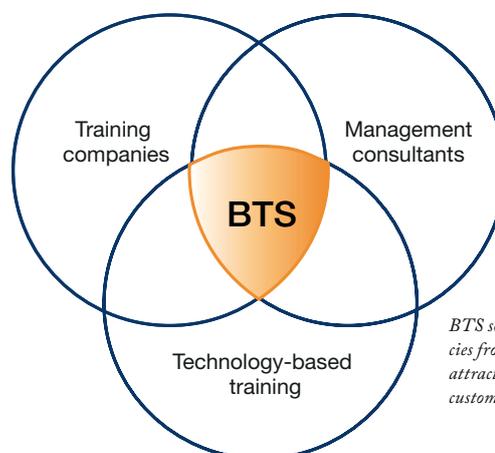
BTS's position

BTS has developed progressively from its establishment as a company centered on business simulations in the Nordic market. In the 1990s, the company built a broad range of business simulations focused on helping companies implement change processes and improve results. Today, the company has developed into a truly global player that successfully works with strategic change in a large number of global multinationals and in a range of geographical markets.



BTS has long since become the leading supplier on the market for tailor-made business simulation solutions and has positioned itself as the most efficient partner when it comes to assisting companies in implementing change and improving results.

During the sales and development phases of customer projects, BTS works in many ways as a management consultant, focusing on analysis and problem-solving. During the delivery phase of training projects, BTS combines highly efficient training methods with modern technology.



BTS solutions combine competencies from different fields to create an attractive, unified package for the customer.

CUSTOMERS

BTS has been shown great confidence from several of the leading companies in the world, having been commissioned as an important partner for implementing strategic changes and improving results. As customer needs for change increase and BTS continues to develop new training solutions, the company strengthens its relations with existing customers and attracts new ones.

The largest companies in the world

BTS has long since become the undisputed leader on the market for tailor-made business solutions centered on strategic corporate development and business acumen. The company currently has around 200 active customers with ongoing projects at various phases. More than 20 of these customers are among the 100 largest companies in the world measured in stock exchange value.

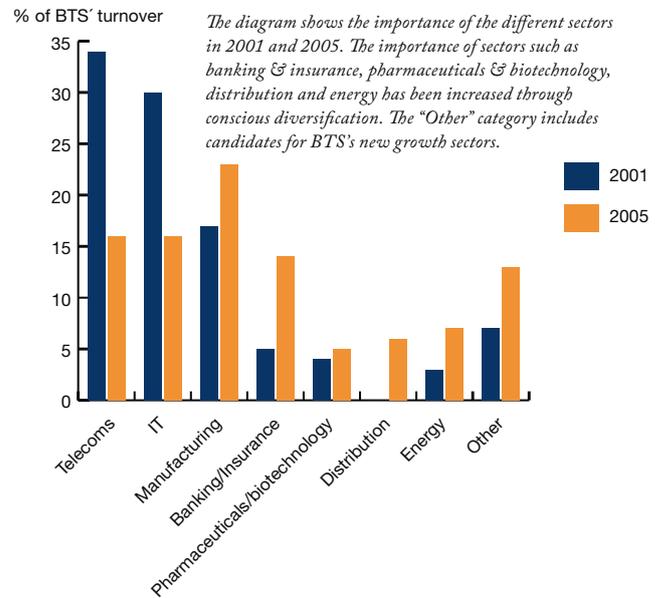
Great potential in the customer base

The potential future revenues per customer increase with the number of people the customer employs. BTS primarily targets companies that employ a great many people in multiple business areas. For this reason, BTS sees considerable potential in its existing customer base and expects demand for tailor-made business simulations to remain high in the future.

Global customers in several sectors

BTS has built up strong positions within seven different sectors. During the 1990s, the company grew rapidly within the manufacturing, telecoms and technology sectors with major global companies such as Philips, Ericsson and Hewlett-Packard becoming BTS customers.

During the period of poor market conditions in the early 2000s, BTS expanded its positions, entering four additional sectors: Banking & Insurance, Pharmaceuticals & Biotechnology, Distribution and Energy. Even in this unfavorable business climate, BTS succeeded in attracting multinationals such as Barclays, Merck, Honda and Centrica. In the future, BTS will grow within other sectors in step with the development of customer requirements.



Manufacturing	Telecoms	Banking & Insurance	Pharmaceuticals & biotechnology	Distribution	Energy	Other
Alstom	Sony Ericsson	Nedbank	Dow Agro Sciences	Bacardi	Schlumberger	Klövern
Tyco		Standard Bank	Glaxo Smith Kline	GM Holden	Iberdrola	Maersk

Examples of new customers acquired in 2005.

EXAMPLES OF CUSTOMERS:



Accenture

Cisco

Maersk

Sony

Alstom

Coca-Cola

Nokia

Standard Bank

ANZ Bank

DHL

Nortel

Sun Microsystems

Astra Zeneca

Ericsson

Paperlinx

Telstra

Bacardi

GAP

Philips

Texas Instruments

Barclays

Honda

Posten

Toyota

Boeing

Hewlett-Packard

Roche

Vodafone

British Gas

ING

Schlumberger

Weyerhaeuser

Cingular

Kodak

SEB

Xerox

CASE STUDIES

BTS supports corporate management teams in implementing change and improving results. The following case studies show how BTS works with two different customers on significant change projects: Weyerhaeuser, one of the largest timber companies in the world, and Cingular Wireless, one of the leading mobile operators in the world. Through the application of BTS's customer-specific business simulations, Weyerhaeuser and Cingular have achieved alignment around targets and expected results.



Cingular Wireless is the largest mobile telecoms operator in the United States, serving 54.1 million customers. In 2004, the company purchased AT&T Inc. and thus commands the largest network for digital voice and data traffic in the United States.



Weyerhaeuser is one of the largest timber companies in the world. The company employs 54,000 people in 19 countries and generates an annual turnover of USD 22.6 billion.

CASE STUDY, CINGULAR

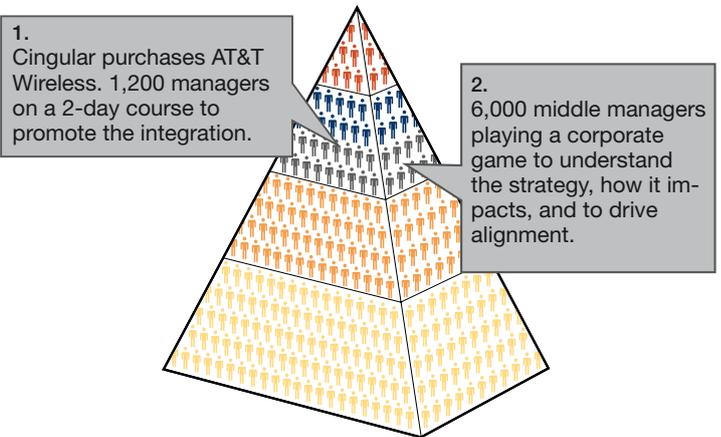
“After Cingular Wireless acquired AT&T Wireless in October 2004, it was critical for the newly integrated workforce to understand and align around the company’s three-year business goals. But in order to accomplish this feat in an efficient manner, the organization’s leadership and development team had to put their heads together to create a strategy that could unite both Cingular and former AT&T Wireless leaders together in a timely matter. According to Jim Bowles, president of workforce development for Cingular, the answer was a two-day simulation program.

“Obviously we had a need for speed in terms of ramping everybody up - particularly the leadership team - given the competitive business environment we are in to make sure that we were executing very quickly on what we needed to do to retain our leadership position in the wireless industry”, Bowles said. “After the merger, a number of key leadership positions were filled by former AT&T Wireless employees who didn’t have a good understanding of what our vision was. So in order to align everybody quickly around our business objectives, we felt like we needed to do something unique to drive alignment. So we came up with the notion of using a simulation.”

During 2005, the first year of the integration process, 1,200 leaders (director-level and above) went through this two-day simulation process in stages to drive overall alignment and break down cultural and organizational barriers. The blended instructor-led and computer simulation course focused heavily on what it takes to be an effective leader to drive quick execution so that within three years Cingular could achieve its business goals. The simulation included a human element, which educated senior leaders on how devoting time to direct report’s development affects the business.

“The two-day experience created competitive teams that operated in a learning environment that dead-on matched our current operating environment, which included our limitations, advantages, resources and targeted outcomes”, Bowles explained. “But we brought these folks together at our Atlanta headquarters and mixed them up into teams, and through instructor-led learning and computer simulation these folks made and practiced day-to-day business decisions in an environment that mirrored our work environment. But what was unique about it was that it wasn’t just about allocating resources to purchase equipment. It was about what leaders could do to better prepare their people to execute and reach the set objectives.”

Cingular’s approach cultivated rich discussions among the senior leaders about the importance of their day-to-day decisions and how their individual choices could affect the organization. Cingular’s business goals include building the best network, creating unmatched distribution, providing great customer service and delivering compelling products and services. Because the simulation was the primary mechanism to teach all of the



organization’s leaders - not just former AT&T Wireless leaders - about the newly implemented initiatives, this further drove the alignment of the leadership team. Not only did the approach drive alignment, the organization’s senior leaders were also extremely receptive to the innovative approach. The learning and development team conducted surveys throughout the yearlong process, and the feedback was generally positive. “The feedback that we got suggested that this was one of the best leadership and development exercises that they had ever gone through,” Bowles said. “And it was based on their feedback that we made the decision to roll this simulation in a different way to the next level of management in the company, which consists of thousands of employees.”

According to Bowles, the simulation process will be tailored to fit the requirements of the organization’s middle-management tier, approximately 6,000 managers. “We won’t use the same intimate, computer-based approach. The next-generation version of the simulation will be a board game that will still drive the same kind of experience and allow people to understand in a very intimate way that what they do impacts other parts of the business,” he explained. “The belief is that in 2007 we will be at the point where we have achieved our three-year business objectives, and because of the management-level simulation training, they will be able to convey this information and further drive alignment deeper into the organization.”

”

Source: Chief Learning Officer, Feb 2006

Cari McLean, carim@clomedia.com

CASE STUDY, WEYERHAEUSER

Weyerhaeuser – A global forest products company re-invents itself during the past five years and partners with BTS for strategic alignment within the various needs:

1. Alignment & buy-in to the new CEO's corporate strategy – The Roadmap for Success pre, during and post a major acquisition.
2. National Homebuilder ensures best practice sharing & leadership development during extraordinary market & financial success.
3. Wood Products business launches a new brand and go-to-market strategy.
4. Containerboard Packaging & Recycling business reinvents the way they do business in order to compete in a slowed market.

1. Weyerhaeuser's new CEO needed alignment around their Roadmap for Success – the Weyerhaeuser Way of Doing Business.

When Steve Rogel took over Weyerhaeuser as the new President and CEO approximately 8 years ago, he and the Senior Management Team created one document that articulated the core strategies and processes that would drive the business toward their corporate goals of Return on Net Assets of 17 per cent and Safety Recordable Incident Rate of <1. They called this strategic document the "Weyerhaeuser Roadmap for Success."

The Roadmap for Success consisted of the company's vision, values, goals and 10 core processes that needed to be executed to ensure success. Initially, in order to communicate this Roadmap for Success, Weyerhaeuser leaders made many presentations, videotaped presentations were available throughout the company of the CEO presenting the Roadmap, and they created and hung large posters of the Roadmap in every building and every meeting room.

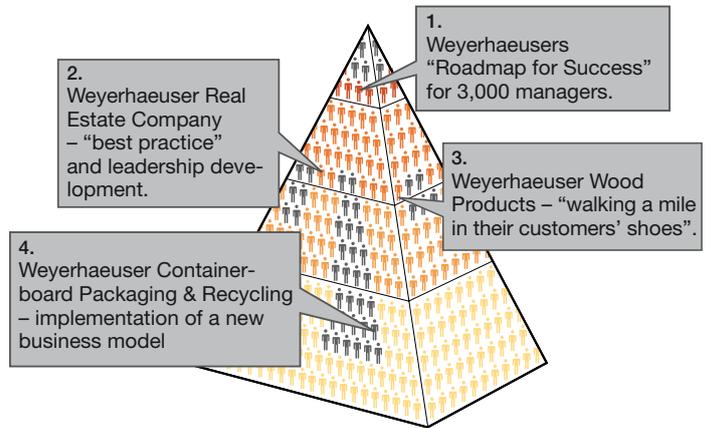
However, after a few months, Weyerhaeuser leaders realized they needed to generate more understanding, alignment and commitment to the Roadmap. Weyerhaeuser chose to partner with BTS to create a customized business simulation that was designed to achieve the necessary understanding and buy-in to the Roadmap for Success.

BTS and Weyerhaeuser co-created a custom business simulation where the Weyerhaeuser leaders could practice running a simulated Weyerhaeuser and while doing so, leverage and implement the 10 Roadmap processes, discovering the meaning and intended business benefit of each one.

To date, over 1000 Weyerhaeuser leaders have participated in the BTS business simulation and another 2500 first-line supervisors have participated in the manual simulation.

2. National Homebuilder ensures best practice sharing & leadership development during extraordinary market & financial success.

Weyerhaeuser Real Estate Company (WRECO) is a national homebuilder in the U.S. and for the past eight years has been experiencing record earnings. One of their key success factors is



that they give their five regional subsidiaries (each one located in a different market with different customer demographics and land supply) freedom to run their business as their individual markets demand. One potential downside to this freedom is that seldom the various managers had the opportunity to meet each other and share best practices.

WRECO's President, Dan Fulton, wanted to create an experience for the homebuilding managers from each of the 5 subsidiaries to come together, share best practices and develop their leadership and business acumen skills. BTS co-created with WRECO a custom homebuilding simulation that models the key profitability drivers and strategic trade-off decisions in the areas of land development, product offering, customer experience and production. While managing all aspects of running a homebuilding company, WRECO's managers are able to grow their business acumen beyond their functional level as well as debate and share best practices. These managers also build their individual leadership and team effectiveness skills by using the simulation as a "rich behavioral laboratory" where they leverage a leadership framework taught to them by a leadership professor and practice their team effectiveness.

3. Weyerhaeuser Wood Products – uniquely positioned to offer more value to their customers – launch a new brand and go-to-market strategy.

National Homebuilders, large purchasers of wood products, have been shifting their strategies to focus their capital & talent on land acquisition and development and, as a result, are looking to out-source more production responsibilities. In order to help serve this evolving market demand, Weyerhaeuser Wood Products reinvented themselves last year in order to move from individual businesses selling piecemeal wood products to an organization that can provide turnkey solutions to the national homebuilding industry.

In order to be successful, Weyerhaeuser Wood Products re-branded themselves, instituted different performance metrics, invested in the necessary IT infrastructure to allow for more accurate supply & demand planning and re-organized and trained their sales force. Weyerhaeuser Wood Products also partnered with BTS to ensure better knowledge of their target market segments as well as the necessary behavior/attitude change required to be successful in creating loyal customers.

During the two-day launch of their new brand, BTS aligned the top 300 “change agents” to ensure that the customer would be at the core of the change agents decision making process from sales to operations to transportation. BTS created a business simulation that allowed the top 300 to run their customer’s business and not only to gain a better understanding of their customer’s key success factors but also to have a clear appreciation for how it feels to have Weyerhaeuser (themselves) as a supplier. This experience of “walking a mile in their customer’s shoes” gave these managers high impact understanding of Weyerhaeuser’s past execution & selling failures and created excitement around the execution and communication changes that will be required to execute their new strategy and grow market share.

“We needed a breakthrough to demonstrate to key managers, the value of bundled solutions, both for our customers and for us. The BTS staff responded with a simulation. It was an amazing learning experience that was delivered to 300 people in one day!” says Allan Bradshaw, HR Director, Weyerhaeuser Residential Wood Products.

4. Weyerhaeuser Containerboard Packaging & Recycling Business – reinvents itself in order to compete in a slowed market.

Weyerhaeuser’s Containerboard Packaging & Recycling (CBPR) business is operating in very tough market conditions: slowed market demand in the U.S., heavy industry consolidation & no U.S. containerboard packaging company is earning their cost of capital. Jim Keller, the leader of the \$4.7 billion CBPR business has begun a major change management effort to redesign the way CBPR does business. For example, they have re-organized their customer segments, established a more robust marketing organization and have completely changed their production organization and process of forecasting supply & demand. The first step in execution is getting the top 100 leaders aligned to:

1. Execution sense of urgency.
2. Knowledge of Sales, Marketing & Operations new role & strategic initiatives.
3. Execution barriers identification (in order to remove them).

CBPR partnered with BTS to create a web-based course on the current financial performance of CBPR relative to the competition in order to instill a sense of urgency. BTS then created four 90-minute strategic learning maps in the areas of: Sales, Marketing, Supply Chain and Leadership. map was used for the top 100 change agents and explained:

1. Why – the sense of urgency
2. What – what is the new role of this organization and key success factors
3. How – what will be required to execute and what are the barriers to execution

“Weyerhaeuser chose to partner with BTS to create a customized business simulation that was designed to achieve the necessary understanding and buy-in to the Roadmap for Success.”

“We needed a breakthrough to demonstrate to key managers, the value of bundled solutions, both for our customers and for us. The BTS staff responded with a simulation... It was an amazing learning experience that was delivered to 300 people in one day!”

Allan Bradshaw, HR Director, Weyerhaeuser Residential Wood Products.

BTS WORLDWIDE

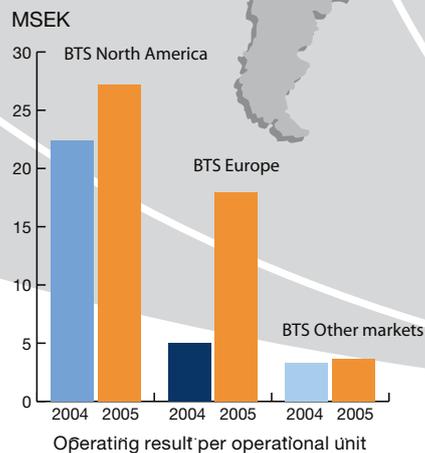
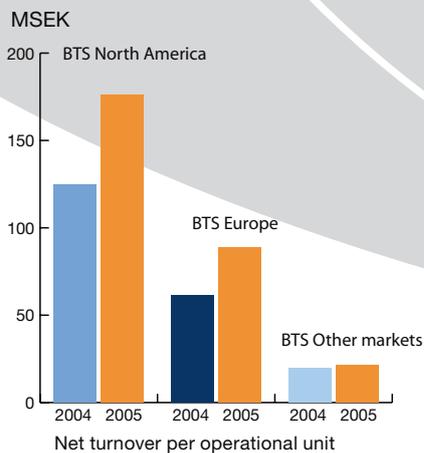
Operating units

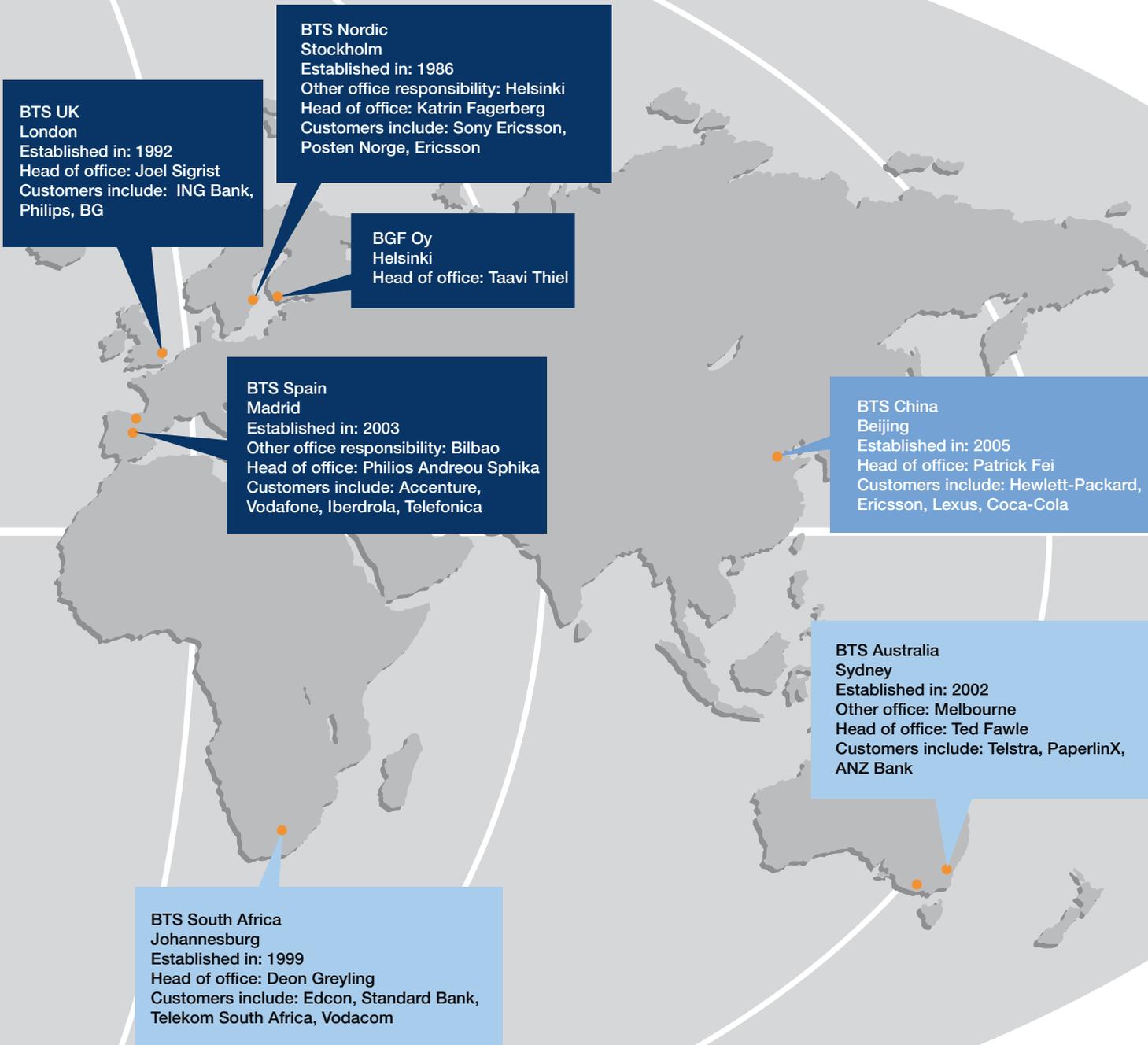
- BTS North America
- BTS Europe
- BTS Other markets

BTS North America
 San Francisco
 Established in: 1998
 Head of office: Dan Parisi
 Customers include: Accenture, Toyota, Weyerhaeuser, Hewlett-Packard

BTS North America
 Philadelphia
 Established in: 2005
 Head of office: Rommin Adl
 Customers include: Boeing Schlumberger, GE, Philips

BTS North America
 Stamford
 Established in: 1992
 Head of office: Peter Mulford
 Customers include: Coca-Cola, Cingular, Sony





HOW BTS OPERATES

BTS employs a number of delivery models. A combination of separate media to reach different target groups within the company provides customers with the flexibility to choose how, when and where training courses are to be run. The Internet, intranets and CD-ROMs used in conjunction with instructor-led seminars make it possible to reach all areas of the organization efficiently. Varying techniques and technologies improve learning results in a cost-efficient manner.

Delivery models - business simulations

Customer-specific business simulations

BTS adapts customer-specific business simulations to suit the particular situation, business model and change requirements of the customer in question. In the solutions it supplies BTS includes customer and sector-specific variables, terms and conduct, such as price sensitivity, competitor behavior, and expected development in demand. Customer-specific business simulations are based on different technologies:

1. **Computer-based business simulations** are dynamic, which means that the experience and results they present take into account the decisions and actions of all the participants.

These simulations are primarily implemented in the form of instructor-led seminars for 20-30 participants at an executive level, and are based on a simulation program installed on local computers.

Participants work in teams that compete directly with each another. The simulation program reflects the situation participants are to be trained to deal with. Together, participants face a range of relevant business situations in which they have to make decisions which then influence how the simulation progresses. The simulation is combined with instructor-led discussions and feedback.

2. **Web-based business simulations** are scenario-based and lead participants through a series of situations, studying a predefined desired outcome. These business simulations are conducted via the Internet or the customer's internal network, with or without BTS participation.

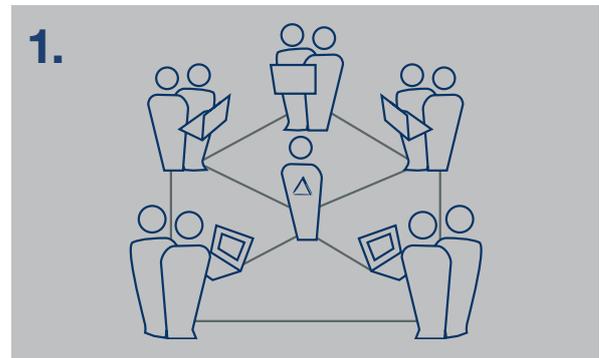
Web-based simulations can be compared to a computer game in which the user interacts with a program that the company has developed to represent different business situations.

The underlying program drive users to make decisions that lead them onward through the process. Participants receive feedback on the decisions they make in the program.

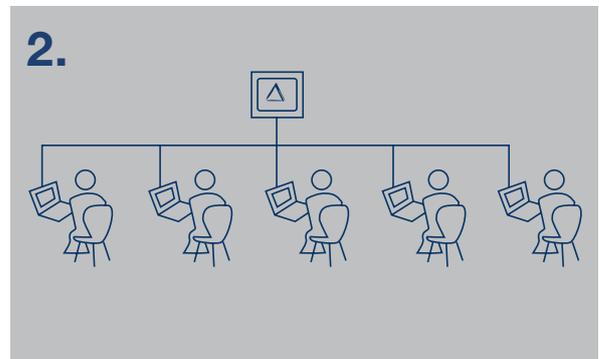
Web-based simulations can be complemented by leader-led instruction and feedback.

3. **Board business solutions** are carried out using printed materials, most often with the customer's own staff acting as instructors.

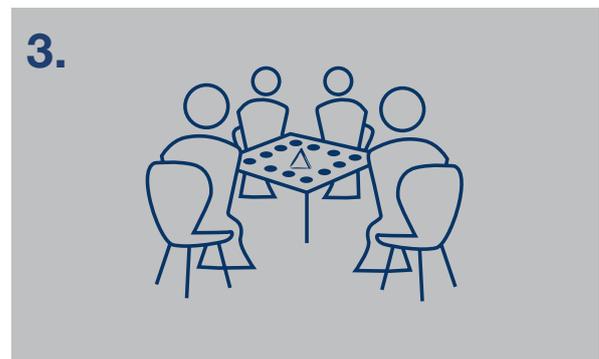
Board business solutions are business games that represent a company's operations. Together with the instructors, the customer's staff uses a game to simulate the business of the company. Involvement in the game generates understanding among employees of financial impacts and how different parts of the company effect each other and the overall results of the company.



IT-based business simulations



Web-based business simulations



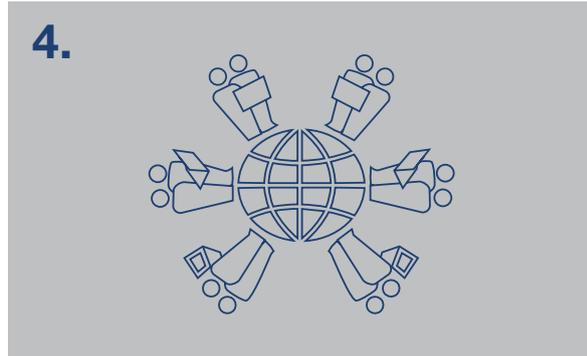
Board business simulations

Business tournaments and CD-ROM solutions

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

4. **Open Web-based business tournaments** are dynamic business simulations conducted via the Internet. Various companies participate in open tournaments arranged and delivered by BGF, a BTS subsidiary since 2005. Tournament participants engage in 15 to 20 hours of competition over about 10 weeks. Teams of 3 to 5 participants compete with one another.
5. **CD-ROM-based simulation solutions** contain scenario-driven business simulations focused on areas of leadership, project management and sales, and are intended for all management levels at the company.

CD-ROM-based simulation solutions can be used for individual study or as a supplement to customer-specific training courses.



Web-based business tournaments



CD-ROM-based simulation solutions



BTS SOLUTIONS

The BTS mission is to support customers in implementing change and improving results. We constantly develop new solutions together with our customers. As a result, our portfolio of solutions accurately reflects the challenges faced by global businesses today. Our customers seek a combination of solutions that help them to implement new strategies, initiatives and continuous improvements.



Business Acumen Excellence

Every manager and employee in a company needs a clear picture of how their decisions and performance affect the company's results.

Our solutions in the field of business acumen provide:

- a thorough understanding of what drives the company's financial results,
- a market-oriented perspective - how we can win customers and how we can become stronger than our competitors,
- a holistic view of the company's business and how the various units best interact,

in a practical and applicable manner, which leads to better decisions.

Sales & Marketing Excellence

Success in increasingly tough markets depends to a greater extent on the capacity of the sales organization to understand:

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

Our solutions support all phases of the sales process, from prospect to order, with a view to winning and developing major contracts.

Operational Excellence

"Time is money" is easier to say than to apply in practice. The process flows in manufacturing, product development, distribution, and service are highly dependent on the ability of employees to understand the contribution they make to the value chain - and how they can improve it.

Our solutions build on the time perspective of business flows and clarify how different areas of responsibility are interdependent - the chain is only as strong as its weakest link.

Leadership Excellence

Great result-oriented leadership is essential for any progress.

Our leadership solutions are carried out by highly skilled leadership consultants. The solutions are built on strong links between a company's strategy, focus areas and profitability, and its guiding principles, culture, and values.

BTS works systematically to develop and apply processes that improve quality and productivity.

Product development

An efficient product development organization

Continuous, state-of-the-art product development is crucial to BTS's growth and market-leading role in the field of business simulations. BTS maintains valuable structural capital in the form of experience in the areas of strategic management and business acumen. For 20 years, BTS has assimilated this experience into the our systems and processes. New experience and new knowledge are introduced successively as the business activities of our customers change. At the same time, BTS develops new services based on the latest advances in pedagogy, methodology and IT development.

Product development at BTS has two parts: external and internal development.

External product development

External product development involves developing new customer-specific training solutions in the fields of corporate management and business acumen. It also encompasses solutions for new media - Web-based business simulations, for example. BTS strives to conduct external product development in close collaboration with customers in order to identify new requirements quickly, and to finance the new development together with customers.

Internal product development

Internal product development refers to the work with the BTS development platforms and methodologies, which form the foundation for creating new training solutions. This work aims to raise the efficiency of the development process for customer adaptations and to contribute continuous quality improvement.

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

Quality measurement

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

- An initial quality survey by seminar participants. This survey is done at the conclusion of each business simulation to assess the quality of the program. On a scale of 1 to 5, our internal goal is to achieve a score of at least 4.6. In 2005, the average score was 4.7.
- Verification that participants are applying the skills and knowledge they acquired on the courses in practice - through new ways of working and making decisions that have a positive influence on the company's results. BTS offers customers the opportunity to measure the long-term results of the training. This follow-up shows that 50-90 per cent of participants have retained knowledge which 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.

Operational reliability

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

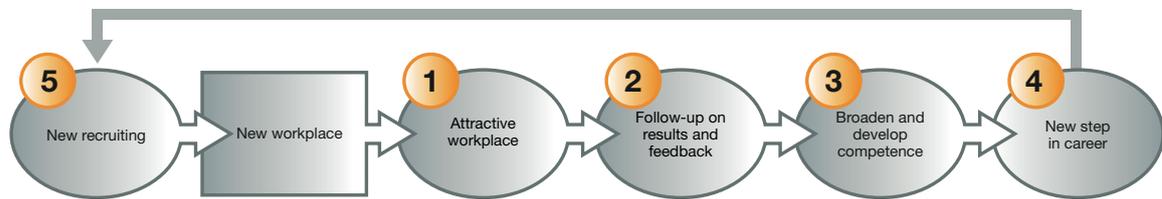
Rights

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



Product development has two parts: external and internal product development.

EMPLOYEES



BTS works with an established model to ensure that employees develop continuously within the company.

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

Recruiting and career development

An attractive company

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

Follow-up on results and feedback

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

Constant development

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

New step in the career

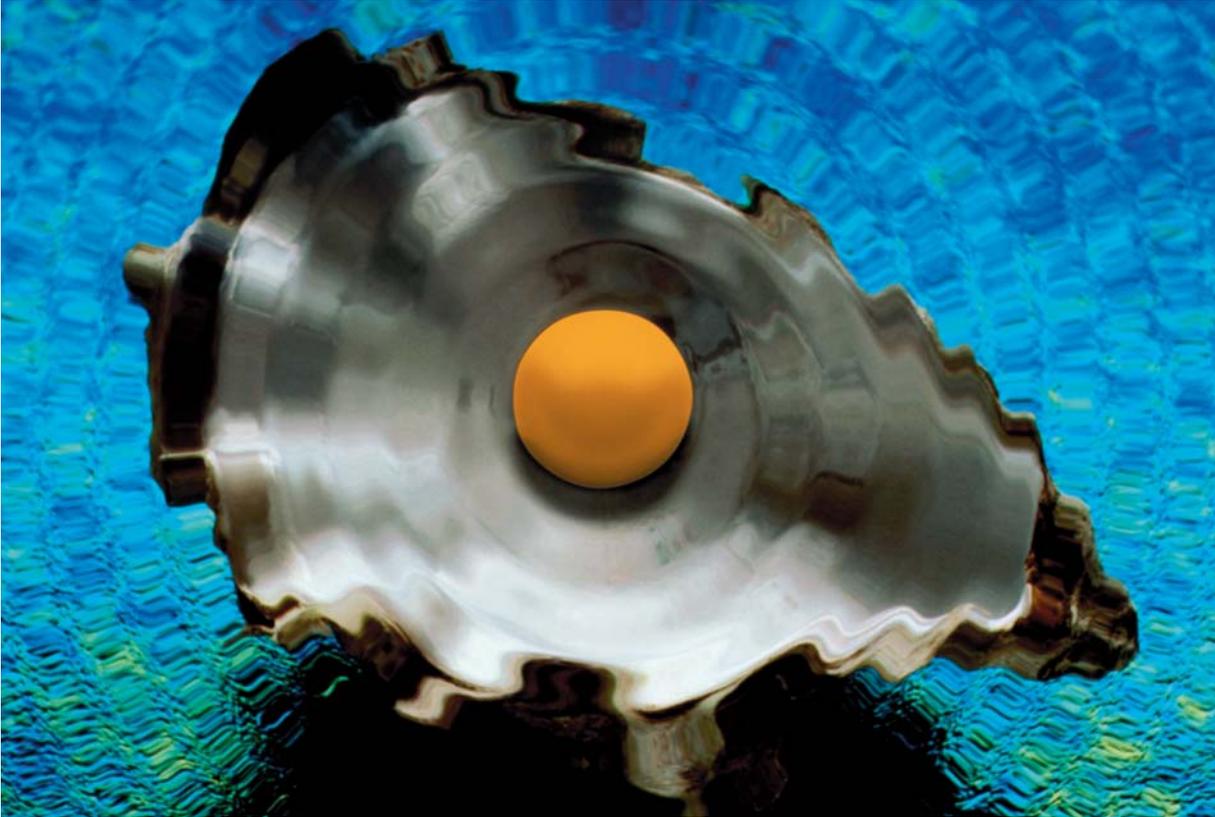
The growth of BTS and the expansion of its range of service provide employees with a great many opportunities to develop their careers and take new steps towards greater responsibility or new assignments. Conversely, the growth of the company depends on employees developing within the organization and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

New recruiting

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

Key figures, employees	2005	2004	2003	2002	2001
Number of employees at the end of the year	150	107	100	102	119
Of whom, women, %	31	23	32	33	38
Net turnover per employee, KSEK	2,001	1,980	1,672	1,566	1,575

BTS'S 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's 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.

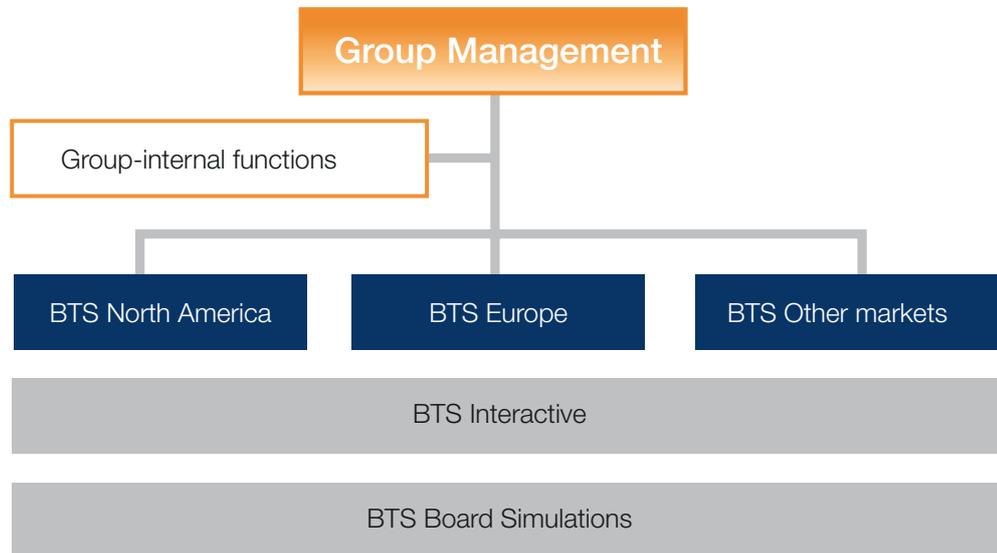
We create our growth through our clients' success and our active business generation.

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.

ORGANIZATION



The BTS organization

BTS's three operational units

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

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

BTS Europe operates in Sweden, Finland, Great Britain and Spain and has offices in Stockholm (Sweden), Helsinki (Finland), London (Great Britain) and Madrid and Bilbao (Spain).

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

Product-specific units

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

BTS Interactive is responsible for Web-based and scenario-based business simulations.

BTS Board Simulations is responsible for board business simulations.

Group-internal functions

Group-internal departments cover Group Finance, Investor Relations as well as certain IT, process and personnel issues.

HISTORY

1986

BTS is founded in Stockholm, Sweden, by a group of people including Henrik Ekelund (the current CEO and major shareholder). The first few years are primarily devoted to developing fundamental technology and solutions in the field of simulations, building up a base of strong reference customers and creating an organization. Stefan Hellberg and Stefan af Petersens (each still active within BTS and a major owner) join the company at an early stage.

1997

BTS develops and launches the company's first board business simulations, which enables BTS to target its range of solutions at all areas of the customer's organization. BTS USA receives a major commission from the South African company Telkom S.A.

1990

In this year, a strategy for the continued development of BTS is crafted. The strategy is based on the conviction that BTS's solutions are competitive internationally, and that a broader range of solutions would generate additional growth and income from the existing customer base. The cornerstones of this strategy are expansion into new geographical markets and the development of additional solutions.

1999

Increased demand in Finland leads BTS to open an office in Helsinki. BTS also establishes a second office in the United States, in San Francisco, as well as a new office in South Africa (Johannesburg). BTS starts to develop business simulations for Web-based delivery, creating the leading platform on the market for business simulations and training programs run via the Internet and company intranets.

1991

BTS decides that it will target its training solutions towards supporting change processes and measures to improve profits within the customer's organization. At the same time, focus is increased on result measurement and follow-up.

2001

BTS is floated on the O-list of the Stockholm Stock Exchange on June 6.

2002

BTS opens an office in Sydney, Australia.

2003

BTS acquires the Spanish company I-Simco and establishes two offices in Spain, in Madrid and Bilbao.

1992

The internationalization of BTS is initiated. The company receives two strategically important commissions, one from Kodak in the United States, and one from Nuclear Electric in Great Britain. These commissions lead to BTS establishing subsidiaries in those two markets.

2004-2005

BTS acquires SMG Learning Solutions in Philadelphia, USA, and Business Game Factory (BGF) in Helsinki, Finland, and opens offices in Beijing and Melbourne.

1993

BTS and Ericsson develop the first business simulations that illustrate processes and value chains within customer organizations. A number of versions of BTS process simulations are developed to support the implementation of TTC (Time To Customer), as well as TTM (Time To Market) and product development management. Working closely with a range of customers, BTS develops a new concept that is called "Customer Advantage." This concept is intended to reinforce a company's understanding of and focus on its customers.

1995

Working closely with a range of customers, BTS develops a new concept that is called "Customer Advantage." This concept is intended to reinforce a company's understanding of and focus on its customers.

BTS's GROWTH AND PROFITABILITY

Since the company was established, BTS has undergone periods of varying growth. Growth periods have occurred during normal or good market conditions, and periods of consolidation during poor market conditions.

Periods of growth and consolidation

Growth periods	Percentual average growth/year
1987-1990	50 %
1994-2000	28 %
2004-2005	36 %

Consolidation periods	Percentual average growth/year
1991-1993	14 %
2001-2003	-3 %*

* Adjusted for changes in exchange rates, net turnover was unchanged

During the first period of consolidation (1991-1993), many of the company's customers significantly decreased their purchasing activities. BTS's strategy for maintaining the required level of income - finding new customers in sectors and businesses less sensitive to market conditions - proved successful. During this period of consolidation, BTS also implemented a number of new initiatives, establishing subsidiaries in both the United States and Great Britain and intensifying focus on product development.

During the period of growth from 1994 to 2000, BTS expanded as a result of improved market conditions, a larger customer base and the new initiatives implemented during the preceding period of consolidation. During the period of weak market conditions (2001-2003), BTS maintained the required level of income through a similar strategy. At the same time, BTS reinforced the business with a range of new initiatives:

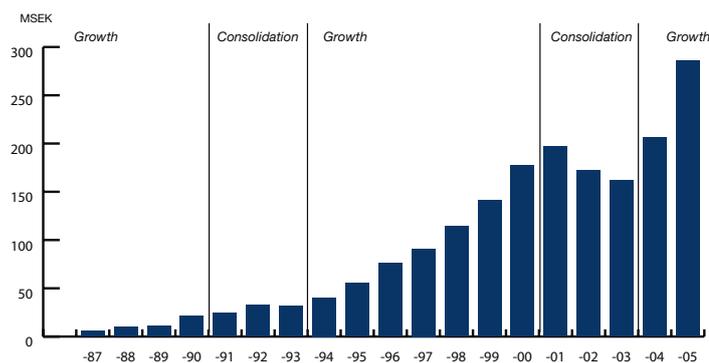
- New solutions were developed and sold within four new sectors: distribution, banking/insurance, pharmaceuticals/bio-technology and energy.
- Two new geographical markets were established: Australia and Spain.
- The sales organization was strengthened, as was collaboration with external partners and distributors.
- The customer base expanded significantly.
- Product development increased the number of new solutions.

A new period of growth

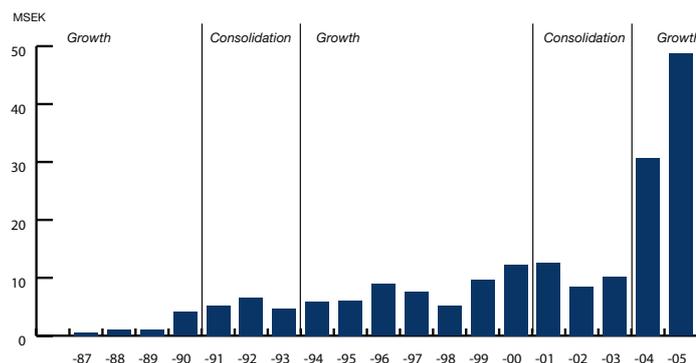
BTS constantly strives to improve profitability. The changes and initiatives BTS implemented during the 2001-2003 period of consolidation have, in combination with increased focus on raising the share of revenues from licenses, laid the foundations for the growth in income and profits in 2004 and 2005.

Based on its business model and entrepreneur-driven organization, BTS has succeeded in returning positive profits every year since its foundation. We have achieved this irrespective of market conditions and despite completing and expensing investments in product development and market establishment.

The development of BTS's revenue 1987-2005



Development of BTS results 1987-2005



RISKS AND SENSITIVITY

BTS's future opportunities for growth and profitability depend on both internal and external factors. External factors cannot be controlled, but must be dealt with through strategic risk management. The internal factors, on the other hand, can be controlled and managed through proactive leadership.

Development in the market and market conditions

Market condition sensitivity

Training is sensitive to market conditions. Poor growth and cost-cutting programs influence corporate training budgets. This situation affected BTS at the beginning of the 2000s, when customers cut their purchases of the Group's services. In the same way, improvements in market conditions result in an increased willingness to invest in training.

Limited dependence on individual customers

In 2005, BTS's 10 largest customers accounted for 33 per cent of sales. By maintaining a broad customer base, BTS limits its dependence on individual customers.

No sector dominates

Today, the Group supplies customers that are active within seven main sectors: Manufacturing, Telecom, IT, Banking & Insurance, Pharmaceuticals & Biotechnology, Distribution and Energy. Thanks to the global distribution of the business activities of its customers, BTS is able to minimize exposure to fluctuating conditions in specific markets.

Geographical spread

Most of BTS's sales are generated in North America - 62 per cent - while Europe accounts for 31 per cent. In 2005, BTS improved its presence in new markets such as those of Australia, South Africa and China, which, in the long term, will help reduce dependency on the markets of North America and Europe.

Fragmented competitive situation

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

Operational risks

Operational risks are those that BTS can influence through strategies and performance.

Quality and brands

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

Competence coverage

Rapid growth requires intensive recruiting and training employees for the Group. At the same time, it is essential to retain competent and motivated personnel. In order to cover these requirements, BTS follows an established model for recruiting staff and developing their competencies.

Personal dependence

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.

Financial risks

Currency

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

Factor	Percentage Change	Change, KSEK
SEK/USD	+/- 10 %	+/- 1,859
SEK/GBP	+/- 10 %	+/- 704

Counterparty risks

BTS only accepts creditworthy counterparts in financial transactions. BTS's Accounts Receivable are distributed among a large number of companies operating in a variety of sectors. The maximum credit risk amounted to KSEK 3,079 (6,212) at the end of the year, which corresponds to the largest credit exposure to any one operating unit.

Liquidity and interest risks

The liquidity risk is small as liquid funds account for only 43 per cent (67 per cent) of the balance sheet total. BTS's policy is to allow borrowing with the approval of the Board. Excess liquidity in subsidiaries is initially to be used to amortize loans. Interest risks are limited to the fluctuating yield on the liquid funds placed at variable rates.

5-YEAR OVERVIEW

INCOME STATEMENT

Income statement for the Group, summary

MSEK	2005	2004	2003	2002	2001
Revenues	286.1	205.9	162.2	172.2	196.9
Operating expenses	-233.5	-174.1	-150.1	-162.0	-182.3
Depreciation on tangible and intangible fixed assets	-3.8	-1.1	-1.9	-1.7	-2.0
Operating result	48.7	30.7	10.2	8.5	12.6

BALANCE SHEET

Balance sheet for the Group, summary at 31 December

MSEK	2005	2004	2003	2002	2001
Fixed assets	58.2	7.3	6.0	5.0	7.0
Accounts receivable	64.2	36.8	31.2	31.4	38.8
Other fixed assets	14.5	9.7	10.7	13.7	15.3
Cash and bank	101.1	110.5	88.1	79.0	68.3
Total assets	238.0	164.3	136.0	129.1	129.4
Equity	151.5	116.6	103.4	104.1	103.6
Minority shareholding	0.4	0.2	0.1	0.1	-
Deferred tax liability	-	0.2	0.2	0.2	-
Interest bearing liabilities	2.1	-	-	0.1	0.2
Non-interest-bearing loans	0.2	-	0.1	-	-
Other liabilities	83.8	47.3	32.2	24.6	25.6
Total equity and liabilities	238.0	164.3	136.0	129.1	129.4

CASH FLOW

Group cash flow

MSEK	2005	2004	2003	2002	2001
Cash flow from current operations	37	32.1	18.2	15.4	-1.1
Cash flow from investment activities	-42.4	-2.9	-3.6	-1.0	-1.1
Cash flow from financing operations	-12.3	-3.5	-3.1	-0.9	47.5
Effect of exchange rate changes on cash	7.9	-3.3	-2.4	-2.8	-1.0
Cash flow for the year	-9.3	22.4	9.1	10.7	44.3
Liquid funds, opening balance	110.5	88.1	79.0	68.3	24.0
Liquid funds, closing balance	101.1	110.5	88.1	79.0	68.3

FINANCIAL KEY FIGURES FOR THE GROUP

MSEK	2005	2004	2003	2002	2001
Revenues	286.1	205.9	162.2	172.2	196.9
Operating result,	48.7	30.7	10.2	8.5	12.6
Operating margin, %	17.0	14.9	6.3	4.9	6.4
Profit margin, %	12.9	9.9	4.5	3.7	5.0
Earnings per share, SEK	6.2	3.4	1.2	1.1	1.9
Return on equity, %	27.4	18.5	7.0	6.2	16.5
Return on operational capital, %	164.7	282.9	50.2	27.8	44.4
Operational capital	52.8	6.3	15.4	25.3	35.5
Equity (excluding minority interests)	151.5	116.6	103.4	104.1	103.6
Solidity, %	63.8	71.1	76.0	80.7	80.1
Cash flow	-9.3	22.4	9.1	10.7	44.3
Liquid funds	101.1	110.5	88.1	79.0	68.3
Number of employees at the end of the year	150	107	100	102	119
Average number of employees	143	104	97	110	125
Net turnover per employee	2.0	2.0	1.7	1.6	1.6

DEFINITIONS

Operating margin:

Operating result after depreciation as a percentage of revenues.

Profit margin:

Result for the period as a percentage of revenues.

Earnings per share:

Result attributable to shareholders in the Parent Company divided by the number of shares.

Return on equity:

Result after tax as a percentage of average shareholders' equity.

Return on operational capital:

Operating result as a percentage of average operational capital.

Operational capital:

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

Solidity:

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

Net turnover for the year per Employee:

Net turnover revenue divided by the average number of employees.

THE BTS SHARE

On June 6, 2001, BTS was floated on the O-list of the Stockholm Stock Exchange. In connection with this, a new stock issue was completed and generated MSEK 78.1 for the company after issue costs.

The total share capital in the Company is SEK 5,897,300, divided between 284,600 A-shares and 5,612,700 B-shares, each with a nominal value of SEK 1. A-shares entitle holders to ten votes, B-shares to one vote. All shares carry equal rights to shares of the Company's assets and profits.

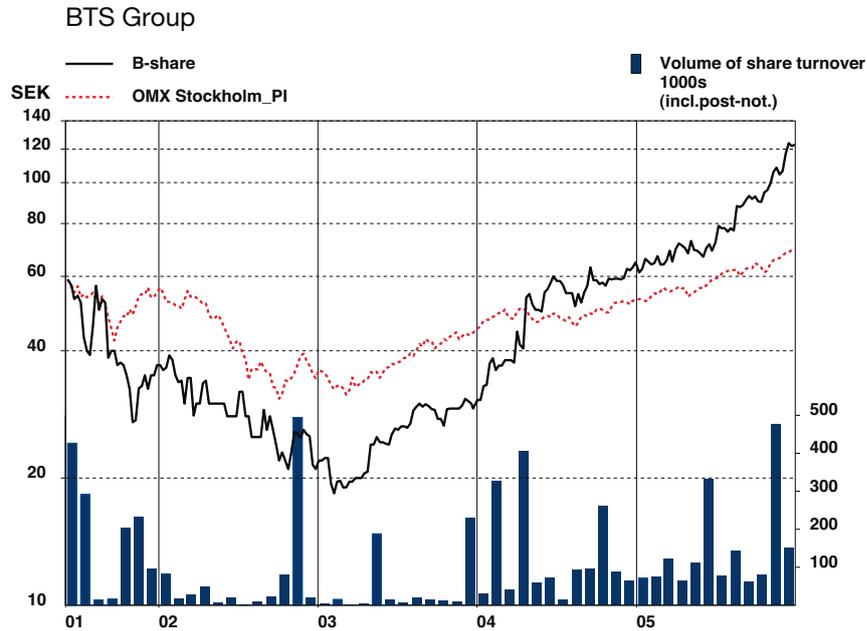
At December 31, 2005, there were 978 (563) shareholders in the Company.

Since 2002, BTS Group AB has worked to promote the liquidity of the company share. As a part of this strategy, what is known as a liquidity guarantor has been engaged to work to increase interest and trade in the BTS share.

Dividend policy

The Company's ambition is, in the long term, to distribute 30-50 per cent of its result after tax.

SHARE DATA	
Share price, January 1, 2005	SEK 64.75
Share price, December 31, 2005	SEK 123.00
Earnings per share, December 31, 2005	SEK 6.21
Liquid funds, December 31, 2005	SEK 17.15
Shareholders' equity, December 31, 2005	SEK 25.68



BTS share price development 2001-2005

(c) SIX

SHARE CAPITAL

Year	Transaction	Increase in share capital. SEK	Share capital. SEK	Change in capital		Total number of shares	Nominal share value (SEK)
				A-shares	B-shares		
1999	Establishment of the company	100,000	100,000	439,900	560,100	1,000,000	0.10
1999	New capital issue	8,200	108,200		82,000	1,082,000	0.10
2001	Stock dividend	4,219,800	4,328,000			1,082,000	4.00
2001	Split 4:1		4,328,000	1,759,600	2,568,400	4,328,000	1.00
2001	Conversion of A-shares to B-shares			-1,475,000	1,475,000	4,328,000	1.00
2001	New capital issue	1,500,000	5,828,000		1,500,000	5,828,000	1.00
2002	New capital issue	69,300	5,897,300		69,300	5,897,300	1.00

Registered owners at 31 December 2005

Name	No. A-shares	No. B-shares	Total	Share-holding (%)	Votes	Votes (%)
HENRIK EKELUND	284,600	1,351,611	1,636,211	27.7	4,197,611	49.6
STEFAN AF PETERSENS	0	990,144	990,144	16.8	990,144	11.7
STEFAN HELLBERG	0	550,436	550,436	9.3	550,436	6.5
ALECTA	0	500,000	500,000	8.5	500,000	5.9
JONAS ÅKERMAN	0	254,600	254,600	4.3	254,600	3.0
LÄNSFÖRSÅKRINGAR SMÅBOLAGSFOND	0	225,600	225,600	3.8	225,600	2.7
NORDEA BANK FINLAND ABP	0	204,600	204,600	3.5	204,600	2.4
LANNEBO SMÅBOLAG	0	155,703	155,703	2.6	155,703	1.9
SEB SVERIGE SMÅBOLAG	0	132,600	132,600	2.3	132,600	1.6
BANCO SMÅBOLAG	0	130,000	130,000	2.2	130,000	1.5
RINGVÄGEN VENTURE AB	0	93,100	93,100	1.6	93,100	1.1
ROBUR SMÅBOLAGSFOND SVERGE	0	75,000	75,000	1.3	75,000	0.9
GOLDMAN SACHS INTL LTD	0	62,900	62,900	1.1	62,900	0.7
Other	0	886,406	886,406	15.0	886,406	10.5
TOTAL	284,600	5,612,700	5,897,300	100.0	8,458,700	100.0



ADMINISTRATION REPORT

The Board of Directors and the CEO of BTS Group AB (publ), company number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the financial year 2005. All amounts are stated in thousand SEK (KSEK) unless otherwise indicated.

BUSINESS ACTIVITIES

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

TURNOVER AND RESULTS

BTS's net turnover for the year increased by 39 per cent to MSEK 286.1 (205.9). Adjusted for exchange rate differences, growth totalled 37 per cent. Growth has been created both through organic development and through the acquisition of SMG's Learning Solutions in Philadelphia, effective February 10, 2005. The integration between BTS and SMG's Learning Solutions has proceeded according to plan. The activities acquired have been rapidly and completely integrated into the BTS organization. These new activities are therefore, not reported separately but have made a positive contribution to turnover and results during the year.

The Group's result before taxes for the year improved by 71 per cent and amounted to MSEK 55.1 (32.2), with the operating result rising by 59 per cent to MSEK 48.7 (30.7). The operating margin was 17.0 (14.9) per cent.

The market for BTS's services grew strongly in 2005 and the trend is expected to continue in 2006. In the United States, demand remains high for training-related services that support company change processes aimed at improving efficiency and profitability. The market in Europe developed positively in 2005 and is now distinguished by increased demand. The situations in other markets where BTS is active - primarily those of Australia, South Africa and East Asia - remain good. Part of the BTS growth strategy for 2006 and the years to follow is to establish and maintain local representation with own staff and contracted partners to allow early involvement in the development of these new markets - with the ultimate goal of building up market-leading positions.

In 2005, BTS opened two new offices: one in Melbourne, Australia and one in Beijing, China. During the year, both offices generated good growth and profits. In 2006, BTS will continue to invest in geographical expansion and new offices - in continental Europe and other locations.

In 2005, the company's range of products underwent greater development than in any previous year - partly through comprehensive in-house development for client-financed projects, and partly through the acquisition of SMG, which added a broad range of solutions.

The share of revenue from licenses rose to 15 (12) per cent for the full year, while the share from customer-specific development fell to 19 (21) per cent. This change in the revenue mix has contributed to the increased operating margin.

During the year, net turnover from BTS's operations in North America totalled MSEK 176.2 (125.0). Adjusted for changes in exchange rates, revenue rose by 39 per cent. This growth is attributable to positive developments within both the original BTS organization and the recently acquired SMG operation. The operating result totalled MSEK 27.2 (22.4). The operating margin was 15 (18) per cent. The decline in the operating margin is primarily due to a lower margin in the SMG product range, depreciation of intangible fixed assets and one-time integration costs related to the SMG acquisition.

In 2005, BTS Europe's net turnover improved, totaling MSEK 88.6 (61.3). Adjusted for changes in exchange rates, revenue rose by 44 per cent. The operating result totalled MSEK 17.9 (5.0). The operating margin was 20 (8) per cent.

The net turnover from BTS Other Markets improved during the year, amounting to MSEK 21.3 (19.6). The operating margin was 17 (17) per cent. The operating result increased to MSEK 3.6 (3.3).

As stated previously, BTS also acquired the Finnish company Business Game Factory Oy (BGF), effective December 2005. BGF is based in Helsinki and develops, sells and delivers Web-based business simulations that companies use to reinforce and develop their employees' business acumen.

RESEARCH AND DEVELOPMENT

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

FINANCIAL POSITION

At the end of the year, liquid funds totalled MSEK 101.1 (110.5). Interest-bearing liabilities amounted to MSEK 2.1 (0.0). Shareholders' equity at the end of the year totalled MSEK 151.9 (116.8) and the equity ratio was 64 (71) per cent. BTS's cash flow from current operations for the year was MSEK 37.5 (32.1).

EMPLOYEES

At December 31, 2005, BTS employed 150 (107) people. The average number of employees during the year was 143 (104).

PARENT COMPANY

The activities of the Parent Company - BTS Group AB - consist exclusively of Group-internal tasks and its assets principally consist of liquid funds and shares in subsidiaries. The Parent Company's net turnover amounted to MSEK 2.5 (2.1) and the result after net financial items was MSEK 15.1 (11.8). Liquid funds totalled MSEK 25.5 (56.2).

PROSPECTS FOR 2006

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

THE WORK OF THE BOARD OF DIRECTORS

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

The Board of Directors works according to a set agenda with instructions concerning the distribution of work between the Board and the CEO. According to this agenda, the Board is normally to hold four ordinary meetings annually. At each of these meetings, the Board deals with issues of appreciable importance to the Company. In addition, the Board is informed by the management about the current business conditions of the Group's submarkets. Board meetings are held regularly in connection with reports to the Board from the Company. On this basis, the Board deals with the year-end report and dividend proposals in February, interim reports in April, August and October, and the budget for the coming year in December. The BTS Board contains no special committees or sub-groups - all issues are dealt with by the Board as a whole. In some cases, tasks are delegated to the Chairman of the Board and the CEO. Every year, the company auditor reports

in person his observations from his audit and states his evaluation of the internal control process.

Over the past year, nine meetings were held, one of which was specifically convened on the basis of the acquisition of Learning Solutions, SMG. In addition, the company strategy – particularly with regard to focus on Europe – has been the subject of in-depth discussion. The rewards system has also been examined. The work of the Board of Directors was evaluated in December.

CONVERSION TO IFRS

As January 1, 2005, BTS started preparing its consolidated accounts in accordance with IFRS, the International Financial Reporting Standards. Up until 2004, the company applied the recommendations and statements issued by the Swedish Financial Accounting Standards Council. The conversion to IFRS is reported in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards," which states the conversion date as January 1, 2004. IFRS 1 states that the figures for the comparison year, 2004, are also to be reported in accordance with IFRS. The changes in accounting principles caused by this conversion, and the effects of the conversion on the Group's income statement and balance sheets for 2004, are stated under Accounting Principles and the notes on pages 47-48 of this annual report. The standards applied are those approved by the EU, see page 47 for details.

MULTIPLE YEAR OVERVIEW

Development over the past five financial years is presented below. The figures for 2005 and 2004 are presented in accordance with IFRS, while the recommendations of the Swedish Financial Accounting Standards Council have been applied to those for the previous years.

KSEK	2005	2004	2003	2002	2001
Revenues	286,119	205,944	162,204	172,230	196,887
Operating expenses	-233,582	-174,123	-150,105	-161,997	-182,261
Depreciation	-3,841	-1,098	-1,877	-1,770	-1,982
Operating result	48,696	30,723	10,222	8,463	12,644
Operating margin, %	17.0	14.9	6.3	4.9	6.4
Number of employees at the end of the year	150	107	100	102	119
Average number of employees	143	104	97	110	125
Net turnover per employee	2,001	1,980	1,672	1,566	1,575

PROPOSED DISPOSITION OF PROFITS

Parent Company

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

SEK

Result carried forward	42,820,821
Result for the year	13,388,772
Total	56,209,593

Statement from the Board of Directors concerning the proposed dividend

The proposed dividend for shareholders will reduce the solidity of the company to 78 per cent and that of the group to 57 per cent. These levels of solidity are considered secure as the activities of the company are currently running profitably. It is also estimated that it will be possible to maintain the liquidity of the company at a secure level.

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

The Board of Directors proposes that the profits be distributed such that:

shareholders receive a dividend of SEK 2.75 per share, totalling	16,217,575
and the following be carried forward to the new income statement	39,992,018
Total	56,209,593

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

It is proposed that the dividend be paid on April 19, 2006.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS		THE GROUP		THE PARENT COMPANY	
KSEK	NOTE	2005	2004	2005	2004
Revenues	1,2,9	286,119	205,944	2,463	2,061
<i>Operating costs</i>					
Other external costs	2,3,4,5	-78,800	-63,851	-1,775	-1,998
Personnel costs	6	-154,747	-110,272	-646	-572
Depreciation on tangible and intangible fixed assets	7,8	-3,876	-1,098	-	-
<i>Total operating costs</i>		-237,423	-175,221	-2,421	-2,570
OPERATING RESULT	9	48,696	30,723	42	-509
<i>Financial items</i>					
Profit from other securities and receivables treated as fixed assets	10	-	-	14,677	11,419
Financial income		6,457	1,566	377	852
Financial expenses		-95	-89	-	-
<i>Total result from financial items</i>		6,362	1,477	15,054	12,271
RESULT AFTER FINANCIAL ITEMS		55,058	32,200	15,096	11,762
Appropriations	11	-	-	241	-
Tax on result for the year	12	-18,281	-11,799	-1,948	-235
RESULT FOR THE YEAR		36,777	20,401	13,389	11,527

Result for the year attributable to:

Shareholders in the Parent Company	36,643	20,301	-	-
Minority interests in subsidiaries	134	100	-	-

Earnings per share (before profits attributable to Parent Company shareholders during the year)

Earnings per share, before dilution of shares, SEK	6.21	3.44	-	-
Number of shares at the end of the year	5,897,300	5,897,300	-	-
Average number of shares before dilution of shares	5,897,300	5,897,300	-	-
Earnings per share, after dilution of shares, SEK	6.21	3.44	-	-
Average number of shares after dilution of shares	5,897,300	5,897,300	-	-
Proposed dividend per share	2.75	1.60	-	-

BALANCE SHEETS KSEK	NOTE	THE GROUP		THE PARENT COMPANY	
		2005	2004	2005	2004
ASSETS					
Fixed assets					
<i>Intangible fixed assets</i>					
Goodwill	7	35,683	3,744	-	-
Other intangible fixed assets	7	15,295	-	-	-
<i>Tangible fixed assets</i>					
Equipment	8	5,435	2,190	-	-
<i>Other fixed assets</i>					
Participations in Group companies	13	-	-	79,180	41,034
Deferred tax receivable	15	477	339	-	-
Receivables from Group companies		-	-	4,758	-
Other long-term receivables	18	1,249	988	-	-
Total fixed assets		58,139	7,261	83,938	41,034
Current assets					
<i>Short-term receivables</i>					
Receivables from Group companies		-	-	2,007	4,320
Accounts receivable	18	64,198	36,811	-	-
Other receivables	18	2,340	1,597	12	15
Prepaid expenses and accrued income	16	12,150	8,150	116	114
<i>Total current receivables</i>		78,688	46,558	2,135	4,449
Cash and bank		101,145	110,477	25,468	56,218
Total current assets		179,833	157,035	27,603	60,667
TOTAL ASSETS		237,972	164,296	111,541	101,701

BALANCE SHEETS, continued		THE GROUP		THE PARENT COMPANY	
KSEK	NOTE	2005	2004	2005	2004
SHAREHOLDERS' EQUITY AND LIABILITIES					
Equity	17				
<i>Restricted shareholders' equity</i>					
Share capital		5,897	5,897	5,897	5,897
Other contributed capital		39,547	79,547	-	-
Other reserves		-5,105	1,430	-	-
Premium reserve		-	-	-	79,547
Reserve fund		-	-	40,726	771
<i>Total restricted equity</i>		-	-	46,623	86,215
<i>Unrestricted equity</i>					
Profits carried forward		111,129	29,705	42,821	1,138
Result for the year		-	-	13,389	11,527
<i>Total non-restricted equity</i>		-	-	56,210	12,665
		151,468	116,579		
Minority shareholding		405	233	-	-
Total shareholders' equity		151,873	116,812	102,833	98,880
Long-term liabilities	19				
Provisions for deferred tax		-	217	-	-
Untaxed reserves		-	-	-	240
Other liabilities		169	81	-	-
Total long-term liabilities	18	169	298	-	240
Short-term liabilities					
Accounts payable	18	7,347	5,046	224	220
Accounts payable to Group companies		-	-	2,417	-
Tax payable		6,669	7,368	1,945	401
Other short-term liabilities	18	18,773	3,694	3,491	1,893
Accrued expenses and prepaid income	20	53,141	31,078	631	67
Total short-term liabilities		85,930	47,186	8,708	2,581
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		237,972	164,296	111,541	101,701
Pledged assets and contingent liabilities					
Pledged assets	21	10,000	10,000	None	None
Contingent liabilities	22	None	None	4,473	3,720

CASH FLOW ANALYSES KSEK	NOTE	THE GROUP		THE PARENT COMPANY	
		2005	2004	2005	2004
Current operations					
Operating result		48,696	30,723	42	-509
Adjustments for items not included in cash flow, etc.					
Depreciation		3,876	1,098	-	-
Other items		15	334	-	-
Financial income and expenses	14	6,362	1,477	6,670	852
Actual tax for the year		-18,419	-11,875	-1,948	-235
<i>Cash flow from current operations before changes in working capital</i>		40,530	21,757	4,764	108
<i>Cash flow from changes in working capital</i>					
Change in trade debtors		-22,017	-7,090	-	-
Change in other operating receivables		-2,961	282	326	1,965
Change in trade creditors and other operating liabilities		21,903	17,188	6,127	1,415
<i>Cash flow from changes in working capital</i>		-3,075	10,380	6,453	3,380
Cash flow from current operations		37,455	32,137	11,217	3,488
Investment activities					
Acquisitions of shares, participations and activities	14	-5,537	-2,170	-6,456	-2,769
Acquisition of tangible fixed assets		-3,884	-756	-	-
Acquisition of intangible fixed assets	7	-32,961	-	-	-
Cash flow from investment activities		-42,382	-2,926	-6,456	-2,769
Financing operations					
Shareholders' contribution paid		-	-	-31,690	-
Changes in loans and deposits		-2,880	34	-2,769	-
Dividends received from subsidiaries		-	-	8,384	11,419
Dividend to shareholders		-9,436	-3,538	-9,436	-3,538
Cash flow from financing operations		-12,316	-3,504	-35,511	7,881
Cash flow for the year		-9,332	22,361	-30,750	8,600
Liquid funds, opening balance		110,477	88,116	56,218	47,618
Liquid funds, closing balance	14	101,145	110,477	25,468	56,218
Translation differences in liquid funds		7,911	-3,346		

CHANGES IN GROUP SHAREHOLDERS' EQUITY

	NOTE 17	Share capital	Other restricted capital	Other reserves	Profits carried forward	Minority participa- tions	Total share- holders' equity
Opening balance at January 1 2004		5,897	79,547	1,228	16,686	147	103,505
Exchange rate differences			0		-3,542	-14	-3,556
<i>Total changes in result not presented in income statement</i>		0	0	0	-3,542	-14	-3,556
Provisions according to General Meeting				202	-202		
Dividend to shareholders					-3,538		-3,538
Result for the year					20,301	100	20,401
Closing balance at December 31 2004		5,897	79,547	1,430	29,705	233	116,812
Opening balance at January 1 2005		5,897	79,547	1,430	29,705	233	116,812
Exchange rate differences				7,689		31	7,720
Transfer of exchange rate differences from previous years				-14,073	14,073		
<i>Total changes in result not presented in income statement</i>		0	0	-6,384	14,073	31	7,720
Provisions according to General Meeting				408	-408		0
Reversal of untaxed reserve				-559	559		0
Transfer according to General Meeting	17		-40,000		40,000		0
Dividend to shareholders					-9,436		-9,436
Result for the year					36,636	141	36,777
Closing balance at December 31 2005		5,897	39,547	-5,105	111,129	405	151,873

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

	NOTE 17	Share capital	Premium reserve	Reserve fund	Result carried forward	Result for the year	Total share- holders' equity
Opening balance at January 1 2004		5,897	79,547	569	2,858	2,020	90,891
Distribution of profits according to General Meeting;							
Appropriations to reserve fund				202	-202		0
Transfer to profit brought forward					2,020	-2,020	
Dividend to shareholders					-3,538		-3,538
Result for the year						11,527	11,527
Closing balance at December 31 2004		5,897	79,547	771	1,138	11,527	98,880
Opening balance at January 1 2005		5,897	79,547	771	1,138	11,527	98,880
Distribution of profits according to General Meeting;							
Appropriations to reserve fund				408	-408		0
Transfer to profit brought forward					11,527	-11,527	0
Transfer according to General Meeting	17		-40,000		40,000		0
Effect of change in Limited Companies Act			-39,547	39,547			0
Dividend to shareholders					-9,436		-9,436
Result for the year						13,389	13,389
Closing balance at December 31 2005		5,897	0	40,726	42,821	13,389	102,833

ACCOUNTING PRINCIPLES AND NOTES

ACCOUNTING PRINCIPLES

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

The effects of the switch to IFRS are described in more detail on pages 47-48. In the absence of any statement to the contrary, these principles have also been applied to the multiple year overviews presented.

For the Parent Company, the provisions of ÅRL and RR 32, Accounting for Legal Entities, have been applied. The change has not resulted in any significant effects. The Parent Company's holdings of shares in subsidiaries have been entered at acquisition value and untaxed reserves including the tax share.

Consolidated accounts

The consolidated accounts include the accounts for all subsidiaries. A subsidiary is a company in which the Parent Company, directly or indirectly, holds shares that represent more than 50 per cent of the votes or otherwise maintains a controlling influence. BTS owns 90.1 per cent of BTS Australasia PTY. All other subsidiaries are wholly owned by the Parent Company.

These consolidated accounts have been prepared in accordance with the acquisition method of accounting, which means that the capital in subsidiaries - defined as the actual difference between their assets and liabilities - is amortized in full at the time of their acquisition. The consolidated accounts thus only contain that part of the subsidiaries' shareholders' equity held by these companies subsequent to the purchase. In cases where the acquisition value exceeds the actual value of the Group share of the identifiable net assets at the time of purchase of an acquired subsidiary, the difference is entered as goodwill. All intra-Group transactions and balance sheet items have been eliminated.

Subsidiaries are run with a high level of independence and transactions with the Parent Company account for only a small part of their business. The current rate method is used in translating into Swedish kronor (SEK) the financial statements of independent foreign subsidiaries. Assets and liabilities are thus translated using the rate of exchange at balance sheet date. All items included in the income statement are translated at the average exchange rate for the year.

Acquisitions of subsidiaries may involve the payment of a supplementary purchase price. The forecast supplementary purchase price is established on the basis of evaluations of the fulfilment of the payment terms.

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

	Average 2005	December 31 2005	Average 2004	December 31 2004
USD	7.47	7.95	7.35	6.61
GBP	13.57	13.73	13.46	12.71
EUR	9.28	9.43	9.13	9.01
NOK	115.91	117.60	109.04	108.80
ZAR	1.17	1.26	1.14	1.16
AUD	5.69	5.83	5.41	5.12
CHF	599.50	605.80	593.56	582.70

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

Revenue/ongoing commissions

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

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

Research and development work

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

Pensions

The Group operates different pension plans in different countries. All plans are defined by contribution and the assets are administered by external parties. Payments are expensed during the period in which the employees have performed the services to which the payment refers.

Provisions

Provisions are booked when the company has a legal or other obligation which is likely to require redemption, if a reliable estimation can be made of the amount in question.

Loan costs

Loan costs effect the result for the period to which they refer, except in cases where means are loaned with a view to acquiring an asset. In such cases, the loan costs are included in the purchase price of the asset in question.

Income taxes

Booked income taxes comprise taxes that are to be paid or received with regard to the year in question as well as changes in the deferred tax. All taxes payable and receivable are valued at nominal amounts in accordance with the tax rules and tax rates that have been decided or anticipated with a high level of probability. Items entered in the income statement are thus entered along with the associated tax effects on the income statement. Tax effects of items entered directly against shareholders' equity are thus booked against shareholders' equity.

Deferred tax is calculated according to the balance sheet method for all temporary differences that arise between the accounting and tax values of assets and liabilities. Deferred tax receivable concerning reductions on losses or other future tax-related deductions is entered to the extent to which it is likely that the deductions can be offset against profits for future taxation.

Reports per segment

The Group's activities are primarily controlled and reported per geographical market on the basis of the location of the responsible unit which principally develops and supplies the solutions sold on the relevant market. This does not, however, apply to Web solutions, which are developed by "BTS Interactive," a part of BTS Europe. BTS Interactive invoices its services to other operative units via internal invoices for time expended, issued on market conditions. Shared Group costs are invoiced and depreciation on intangible assets is distributed. Secondarily, Group activities are run and reported by source of revenue. Costs are not distributed by type of revenue as shared resources are used to produce the various services. Therefore, no results are reported by source of revenue.

Leasing and hiring contracts

When leasing contracts involve the company as the lessee, thus allowing the company to enjoy all the financial advantages and risks associated with the object of the lease, this item is entered as a fixed asset in the consolidated balance sheet. The corresponding obligation to pay leasing charges in the future is entered as a liability. Assets are depreciated at a pace corresponding to their expected period of use.

Other leasing and hiring contracts cover operational leasing contracts. Costs for these in the form of leasing and hiring charges are expensed linearly throughout the leasing period.

Tangible fixed assets

Tangible fixed assets are reported at acquisition value less accumulated depreciation and write-downs, if any. Acquisition value includes expenses that are directly attributable to the acquisition of the asset. Planned depreciation is performed linearly on the basis of the acquisition value and the evaluated period of use. The following depreciation periods are applied to existing assets: stocks, fixtures and fittings, 3-6 years.

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

Intellectual property rights

Goodwill

Goodwill consists of the amount by which the acquisition value exceeds the actual value of the Group's share of the acquired subsidiary's identifiable net assets at the time of the acquisition. The purchase value of subsidiaries does not include conditional supplementary purchase prices until such time as it may be considered likely that the conditions in question will be fulfilled. Goodwill is checked annually to identify any requirements for write-downs and is reported at acquisition value less accumulated write-downs. Profits or losses on the sale of a unit include the residual reported value of the goodwill relating to the unit sold.

Software and customer contracts

Acquired software and customer contracts have a limited period of use and are reported at acquisition value less accumulated depreciation and any write-downs.

Depreciation is performed linearly throughout the estimated period of use (2-9 years).

Brands

It is not possible to evaluate the period of use of acquired brands, so such are entered at purchase value less any accumulated write-downs as appropriate. Write-downs are performed annually or more frequently if there is any indication of decrease in value.

Write-downs

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

Significant evaluations

For it to be possible to prepare the accounts in line with good accounting practice, the company management and the Board of Directors must perform evaluations that effect the stated income and costs, assets, liabilities and other information. The results actually achieved may differ from the evaluations made. The principal areas in which such evaluations may involve risks of adjustments in the stated values for assets and liabilities over the coming year are the following:

Testing of the need to write down goodwill

Every year, the Group works to establish whether there is any need to write down goodwill pursuant to the principle described above under Intangible assets, Goodwill and in Note 7. The recycling value of cash-generating units has been established through the calculation of benefit value.

Establishment of supplementary purchase price

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

Receivables and debts

Securities and financial receivables

Securities and financial receivables intended for long-term holding are entered as fixed assets and at acquisition value. Write-downs are performed as and when lasting decreases in value are observed.

Accounts receivable

Accounts receivable are entered as current assets at the sum expected to be received after the deduction of accounts receivable considered uncertain.

Financial liabilities

Financial liabilities such as loan debts are stated at the amount received after deductions for transaction costs.

Accounts payable

Short-term debt such as accounts payable is calculated on the basis of a reasonable approximation of the actual value.

Transactions in foreign currencies

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

Cash flow analysis

The cash flow analysis is prepared using the indirect method. The cash flow stated only includes transactions that result in payments being made or received. The booking of cash flow is divided up between current operations, investment operations and financing operations. The category of liquid funds includes, apart from cash in hand and at bank, short-term financial placements that are only exposed to insignificant risk of fluctuation in value, or traded on the open market for known amounts, or that have a remaining maturity period of less than three months from the balancing date.

Events after balance sheet date

Events from the close of the financial year to the signing of the annual accounts by the Board of Directors, which confirms that all circumstances relevant to the financial statements and balance sheets for the preceding financial year have been taken into account. Information is also supplied about other significant events that occur after balance sheet date. The balance sheet and income statement are to be approved by the General Meeting.

Conversion to IFRS in 2005

As from January 1, 2005, BTS will be preparing its consolidated accounts in accordance with IFRS as approved by the EU. Up until 2004, the company applied the recommendations and statements issued by the Swedish Financial Accounting Standards Council. The conversion to IFRS is reported in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards", which states the conversion date as January 1, 2004. IFRS 1 states that the figures for the comparison year, 2004, are also to be reported in accordance with IFRS. IFRS 3 is applied with the exception stated below.

For 2005, the Group has applied the following International Accounting Standards (IAS), which are relevant to the activities of the Group.

IAS 1	Formulation of financial reports
IAS 7	Cash flow analysis
IAS 8	Accounting principles, changes in estimations and evaluations as well as errors
IAS 10	Events after balance sheet date

IAS 12	Income taxes
IAS 14	Segment reporting
IAS 18	Income
IAS 34	Interim reporting
IAS 36	Write-downs
IAS 38	Intellectual property rights
IAS 39	Financial instruments: reporting and valuation

Future IFRS that have been approved by the IASB but have not yet come into effect are currently evaluated as having no material effect on the Group's income statement and balance sheets.

The changes in the accounting principles resulting from this conversion and the conversion effects on the consolidated income statement and balance sheets are presented below. Of the conversion provisions pursuant to IFRS 1, the following exemptions will be applied:

IFRS 3 Business Combinations: Pursuant to IFRS 3, distribution of the purchase price for corporate acquisitions is not considered to apply to acquisitions made prior to 1 January 2004.

IAS 38 Intangible assets: IAS 38 states that product development expenses are to be capitalized if certain criteria are met. This requirement also applies to expenses paid before 1 January 2002. As from 2002, Swedish accounting principles have been in line with IFRS. The application of IAS 38 is not considered to have had any effect on the net result or shareholders' equity.

IAS 39 Financial instruments: reporting and valuation
Application of IAS 39 is to take place from January 1, 2005 without adjusting comparison figures. The application of IAS 39 is not considered to have had any major effect on the net result or shareholders' equity.

Conversion of income statement and balance sheets
The presentation and comments below relate to the areas that may conceivably effect the results and shareholders' equity reported by BTS at the time of conversion to IFRS.

Goodwill: IFRS 3 "Business Combinations" requires that goodwill no longer be amortized according to a schedule, but that it be tested prior to writing down annually or more often if there are any indications of a decrease in value. Goodwill entries are to be written down if the book value exceeds the recovery value. The company has completed write-down tests per 1 January 2004 and 31 December 2004. According to these tests, there was no requirement for write-downs. As a consequence of the conversion to IFRS, the goodwill amortization for 2004 booked according to Swedish accounting principles - in the amount of KSEK 995 - has been reversed.

Minority interests: Pursuant to IAS 1 "Formulation of financial reports," minority interests are to be booked as a separate entry under shareholders' equity in the balance sheets instead of being booked between liabilities and shareholders' equity. In the income statement, the minority interest share of the result may no longer be deducted. Instead, it must be included in the result reported for the year. The total figure reported for shareholders' equity thus increases by KSEK 147 per January 1, 2004 and by KSEK 233 at December 31, 2004. The result after tax for 2004 increases by KSEK 100.

CONSOLIDATED INCOME STATEMENT

Reconciliation 2004

KSEK	Sw. GAAP	Change	IFRS
Revenues	205,944		205,944
Other external costs	-63,851		-63,851
Personnel costs	-110,272		-110,272
Depreciation	-2,093	995	-1,098
Total operating costs	-176,216		-175,221
Operating result	29,728		30,723
Financial income	1,566		1,566
Financial expenses	-89		-89
Result before tax	31,205		32,200
Tax on result for the year	-11,756	-43	-11,799
Minority interest in result for the year	-143	143	0
Result for the year	19,306		20,401
Earnings per share	3.27		3.44

CONSOLIDATED BALANCE SHEET

Reconciliation January 1 2004

Reconciliation December 31 2004

KSEK	Sw. GAAP	Change	IFRS	Sw. GAAP	Change	IFRS
Goodwill	1,649		1,649	2,749	995	3,744
Equipment	2,922		2,922	2,190		2,190
Deferred tax receivable	278		278	339		339
Other long-term receivables	1,142		1,142	988		988
Total fixed assets	5,991		5,991	6,266		7,261
Accounts receivable	31,208		31,208	36,811		36,811
Other receivables	1,134		1,134	1,597		1,597
Prepaid expenses and accrued income	9,564		9,564	8,150		8,150
Cash and bank	88,116		88,116	110,477		110,477
Total current assets	130,022		130,022	157,035		157,035
TOTAL ASSETS	136,013		136,013	163,301		164,296
Share capital	5,897		5,897	5,897		5,897
Other contributed capital	79,547		79,547	79,547		79,547
Other reserves	1,228		1,228	1,430		1,430
Result carried forward	16,686		16,686	28,710	995	29,705
	103,358		103,358	115,584		116,579
Minority interests		147	147		233	233
Total shareholders' equity	103,358		103,505	115,584		116,812
Minority interests	147	-147	0	233	-233	0
Provisions for deferred tax	217		217	217		217
Other liabilities	100		100	81		81
Total long-term liabilities	100		100	81		81
Accounts payable	5,505		5,505	5,046		5,046
Tax payable	3,052		3,052	7,368		7,368
Other short-term liabilities	6,685		6,685	3,694		3,694
Accrued expenses and prepaid income	16,949		16,949	31,078		31,078
Total short-term liabilities	32,191		32,191	47,186		47,186
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	136,013		136,013	163,301		164,296

NOTE 1 - DISTRIBUTION OF NET TURNOVER BY SOURCE OF REVENUE

Net turnover is primarily generated by service commissions. The principles for the reporting of revenue are detailed in the section entitled "Accounting principles."

<i>The Group</i>	2005 KSEK	2004 KSEK
Revenues		
Seminars	170,230	126,239
Customer adaptations/development	55,695	43,559
Licenses	41,690	23,019
Other	18,504	13,127
Total	286,119	205,944

NOTE 2 - TRANSACTIONS WITH AFFILIATED COMPANIES

Purchases and sales between Group companies

The supply of services between subsidiaries is subject to market terms and conditions. No transactions have been completed with other affiliates.

Parent Company

Of the Parent Company's total purchasing costs and sales income 0 (0) per cent refers to purchases and 100 (100) per cent to sales to other Group companies.

NOTE 3 - INFORMATION ABOUT AUDITORS' FEES

Fees and remuneration

	The Group		Parent Company	
	2005 KSEK	2004 KSEK	2005 KSEK	2004 KSEK
ÖhrlingsPricewaterhouseCoopers				
Audit tasks	471	459	298	229
Other tasks	-	-	-	-
Other auditors				
Audit tasks	229	260	-	-
Other tasks	144	75	-	-
	844	794	298	229

NOTE 4 - LEASING AND HIRING CONTRACTS

The Group

The Group has no financial leasing contracts. The total cost of operational leasing contracts for the year amounts to 10,784 (11,354). Future leasing and hiring charges concerning operational leasing contracts with maturity periods in excess of one year amount to:

	KSEK
2006	10,584
2007	9,099
2008	4,282
2009	2,531
2010	458
Thereafter	9
Total	26,962

NOTE 5 - EXCHANGE RATE DIFFERENCES

	The Group		Parent Company	
	2005 KSEK	2004 KSEK	2005 KSEK	2004 KSEK
Exchange rate differences have had the following effect on the net operating result:	1,649	-1,263	42	-19

NOTE 6 - AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND SOCIAL BENEFIT CONTRIBUTIONS, ETC.

1) *Average number of employees*

<i>The Group</i>	2005		2004	
	Number of employees	Of whom, men	Number of employees	Of whom, men
Subsidiaries				
Sweden	32	21	33	21
USA	74	53	42	34
Great Britain	11	8	9	6
Other	26	20	20	15
Total for the Group	143	102	104	76

Gender distribution among senior executives

	2005		2004	
	Women	Men	Women	Men
The Board	1	4	1	4
CEO and other senior executives (excl. the Board)	0	5	0	5

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

Parent Company

In 2005, there were no employees in the Parent Company.

2) *Salaries, other remuneration, and social benefit contributions*

<i>The Group</i>	2005 KSEK		2004 KSEK	
	Salaries and remuneration	Social benefit contributions (of which, pension costs)	Salaries and remuneration	Social benefit contributions (of which, pension costs)
Subsidiaries	118,957	19,400 (5,471)	86,553	15,434 (4,624)

Pension costs for employees who hold the position of CEO or member of the Board of a Group company total 1,400 (875). All pension plans are defined by contribution.

Parent Company

Fees have been paid to Board members in the amount of 488 (431), of which fees for the Chairman of the Board accounted for 195 (172). No member of the Board of the Parent Company has received any remuneration other than Board fees. For the CEO, see the figures for remuneration for senior executives below.

NOTE 6 - AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND SOCIAL BENEFIT CONTRIBUTIONS (CTD.)

3) Salaries and other remuneration by country and by members of the Board, etc. and other employees

	2005 KSEK		2004 KSEK	
	The Board and CEO	Other employees	The Board and CEO	Other employees
<i>In Sweden</i>				
The Parent Company	488	-	431	-
Subsidiaries	1,532	19,397	1,260	17,187
Total, Sweden	2,020	19,397	1,691	17,187
<i>Outside Sweden</i>				
USA	6,928	68,413	8,182	43,285
Great Britain	2,741	5,699	1,958	4,720
Other	5,328	8,431	3,260	6,269
Total, outside Sweden	14,997	82,543	13,400	54,274
Total for the Group	17,017	101,940	15,091	71,461

Remuneration of senior executives

In this context, "other senior executives" refers to the four (four in 2004) people who, in conjunction with the CEO, constitute the Group management team.

This sum includes basic salary, other benefits, variable remuneration and pension contributions. In this context, "other benefits" refers exclusively to company cars. The total sum of fees paid to senior executives amounted to 15,121 (13,722), of which pension contributions accounted for 1,606 (1,189). All pension plans are defined by contribution.

Fees and other benefits have been paid to the CEO in the amount of 3,231 (2,617), of which variable remuneration accounted for 923 (509). Variable remuneration is calculated using a model that triggers payment when the Group result exceeds predefined profitability targets. The CEO has a contribution-based pension entitlement amounting to 25 (13) per cent of the fixed salary, which is paid in the form of pension insurance with the right to a pension from the age of 65.

The CEO's employment contract states a mutual period of notice of six months. In addition, in the event of the company terminating his employment contract, the CEO is entitled to a severance package corresponding to 12 monthly salary payments. None of the other senior executives is entitled to a severance package.

Other senior executives have been paid salaries and other benefits in the total amount of 10,284 (9,916), of which variable remuneration accounted for 5,334 (5,117). Variable remuneration is based on goals achieved for the company and the person in question. Allocations to pensions are made individually in the range of 13-30 per cent of the fixed salary and are paid in the form of pension insurance with entitlement to a pension from the age of 65. No financial instruments were allocated in 2005.

The preparation and decision-making process for remuneration to senior executives

- The Board fees are decided by the General Meeting.
- The CEO's conditions are decided by the Board as a whole.
- The remuneration of other senior executives is decided by the CEO in collaboration with the Chairman of the Board.

NOTE 7 - INTANGIBLE FIXED ASSETS

	2005 KSEK	2004 KSEK
<i>The Group</i>		
Goodwill		
Accum acquisition value, (opening balance)	3,744	1,649
Purchases	31,939	2,095
Accum acquisition value, (closing balance)	35,683	3,744
Book value, closing balance	35,683	3,744

NOTE 7 - INTANGIBLE FIXED ASSETS (CTD.)

	2005 KSEK	2004 KSEK
Other intangible fixed assets		
Accum acquisition value, (opening balance)	-	-
Purchases	17,493	-
Accum acquisition value, (closing balance)	17,493	-
Accumulated depreciation, opening balance	-	-
Depreciation for the year	2,198	-
Accumulated depreciation, closing balance	2,198	-
Book value, closing balance	15,295	-

Write-down test

Goodwill and other intangible assets are distributed between the cash-generating units expected to benefit from the synergies of the acquisition. The recycling values are based on the benefit value, calculated as the current value of future growth and results forecasts over a five-year period, and on extrapolated cash flows beyond the five-year period. Write-down tests are initially performed in isolation on the acquired cash-generating unit. If it transpires that the sum reported exceeds the benefit value of the unit, the test is performed on the primary segments amongst which goodwill was distributed.

Distribution by segment of goodwill and other intangible assets

	2005 KSEK		2004 KSEK	
	Goodwill	Other intangible assets	Goodwill	Other intangible assets
North America	13,533	10,387	-	-
Europe	22,150	4,907	3,744	-
Other markets	-	-	-	-
	35,683	15,295	3,744	-

NOTE 8 - TANGIBLE FIXED ASSETS

The Group

	2005 KSEK	2004 KSEK
Equipment		
Accum acquisition value, (opening balance)	8,990	9,571
Purchases	5,366	756
Sales and divestment	-437	-976
Translation difference	1,028	-361
Accum acquisition value, (closing balance)	14,947	8,990
Accumulated depreciation, opening balance	6,800	6,649
Sales and divestment	-282	-671
Depreciation for the year	2,249	1,098
Translation difference	745	-276
Accumulated depreciation, closing balance	9,512	6,800
Residual value acc to plan, closing balance	5,435	2,190

NOTE 9 - REPORTING BY SEGMENT

Primary segment

The Group's activities are primarily controlled and reported per geographical market on the basis of the location of the responsible unit which, itself, principally develops and supplies the solutions sold on the relevant markets. This does not, however, apply to Web solutions, which are developed by "BTS Interactive," a part of BTS

Europe. BTS Interactive invoices its services to other operative units via internal invoices for time expended, issued on market conditions. Shared Group costs are invoiced, and depreciation on intangible assets is distributed.

KSEK	North America		Europe ¹⁾		Other markets ²⁾		Elimination & not allocated		The Group	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
<i>Income</i>										
External sales	176,222	125,045	88,629	61,327	21,268	19,572			286,119	205,944
Internal sales	649	169	19,292	14,337	214	1,340	-20,155	-15,847	0	0
Total income	176,871	125,214	107,921	75,664	21,482	20,912	-20,155	-15,847	286,119	205,944
Operating result	27,144	22,443	17,917	5,029	3,635	3,251			48,696	30,723
Financial income							6,457	1,566	6,457	1,566
Financial expenses							-95	-89	-95	-89
Tax on result for the year							-18,281	-11,799	-18,281	-11,799
Result for the year									36,777	20,401
<i>Other information</i>										
Assets	118,633	55,134	90,914	47,204	15,030	11,535	13,395	50,423	237,972	164,296
Liabilities	55,438	33,669	22,498	6,113	5,201	5,705	2,962	1,997	86,099	47,484
Investments	29,113	1,451	12,620	998	649	404	0	74	42,382	2,926
Depreciation	2,592	430	1,022	460	262	208	0	0	3,876	1,098

1) External sales, of which, the Nordic region 47,199 (37,325), Great Britain 32,431 (17,869), Spain 8,999 (6,133).

2) External sales, of which Australia 16,263 (14,812), and South Africa 5,005 (4,760).

Secondary segment

Secondarily, Group activities are run and reported by source of revenue. Costs are not distributed by type of revenue, as shared resources are used to produce the various services. Therefore, no results are reported by source of revenue. See note 1.

NOTE 10 - FINANCIAL ITEMS

	2005	2004
<i>The Group</i>	KSEK	KSEK
Interest received	1,309	1,516
Exchange rate gains	5,148	50
	6,457	1,566
Interest paid	-95	-89
Total result from financial items	6,362	1,477
	2005	2004
<i>Parent Company</i>	KSEK	KSEK
<i>Profit from other securities and receivables treated as fixed assets</i>		
Dividends from subsidiaries	8,384	11,419
Interest received	1,394	-
Exchange rate gains	4,899	-
	14,677	11,419
<i>Interest income and similar profit and loss</i>		
Interest received	377	852
Total result from financial items	15,054	12,271

NOTE 11 - APPROPRIATIONS

	2005	2004
<i>Parent Company</i>	KSEK	KSEK
Reversal of tax allocation reserve	241	-

NOTE 12 - TAX ON RESULT FOR THE YEAR

	2005	2004
<i>The Group</i>	KSEK	KSEK
Actual tax for the year	-18,372	-11,875
Deferred tax pertaining to temporary differences	91	76
	-18,281	-11,799
<i>Parent Company</i>		
Actual tax for the year	-1 948	-235
<i>Reconciliation of effective tax</i>		
	2005	2004
<i>The Group</i>	KSEK	KSEK
Result before tax	55,058	32,200
Tax cost calculated according to Swedish income tax rates	-15,416	-9,016
Effect of different tax rates	- 2,701	-2,607
Non-deductible cost	-321	-311
Non-taxable income	2	-
Tax attributable to previous years	155	135
Reported effective tax	-18,281	-11,799
Effective tax rate	33.2 %	36.6 %
	2005	2004
<i>Parent Company</i>	KSEK	KSEK
Result before tax	15,337	11,762
Tax cost calculated according to Swedish income tax rates	-4 295	-3 293
Dividends from subsidiaries	2,348	3,197
Non-deductible cost	-1	-139
Reported effective tax	-1,948	-235
Effective tax rate	12.7 %	2.0 %

NOTE 13 - FINANCIAL FIXED ASSETS

Participations in Group companies	Number of participations	Capital share in %	Book-value	
			2005 KSEK	2004 KSEK
Parent Company holdings:				
BTS Sverige AB Company reg. 556566-7127 Domicile: Stockholm	5,000	100	7,838	7,838
BTS USA, Inc. Company reg. 06-1356708 Domicile: Connecticut	1,000	100	52,071	20,382
BTS in London Ltd. Company reg. 577 1376 13 Domicile: London	5,000	100	6,901	6,901
Business Training Systems A/S Company reg. 957 694 187 Domicile: Oslo	100	100	94	94
Catalysts for profitability and growth Ltd Company reg. 1998/010779/07 Domicile: Centurion	1,000	100	1	1
BTS Finland AB Company reg. 556583-1673 Domicile: Stockholm	1,000	100	100	100
BTS Australasia Pty Ltd. Company reg. 099 066 501 Domicile: Sydney	45,050	90.1	234	234
Business Training Solutions S.L. Company reg. B95138160 Domicile: Bilbao	1,031	100	7,526	4,811
BTS Management SA Company reg. 01 73.802 11 Domicile: Geneva	1,000	100	673	673
Business Game Factory Oy Company reg. 1807788-2 Domicile: Helsinki	90,750	100	3,154	0
BTS Brussels NV Company reg. 878.155.648 Domicile: Brussels	620,000	100	587	0
Total shares in subsidiaries			79,180	41,034
Acquisition value, opening balance			41,034	38,265
Investment/Acquisition			38,146	2,769
Acquisition value, closing balance			79,180	41,034

NOTE 14 - CASH FLOW INFORMATION AND ACQUISITIONS

Liquid funds

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

	The Group		Parent Company	
	2005 KSEK	2004 KSEK	2005 KSEK	2004 KSEK
Financial income and expenses				
Interest received	1,309	1,516	1,771	852
Exchange rate gains	5,148	50	4,899	-
	6,457	1,566	6,670	852
Interest paid	-95	-89	-	-
	6,362	1,477	6,670	852

*Acquisitions of subsidiaries**Acquisition of Business Game Factory*

In December 2005, BTS acquired Business Game Factory Oy. The initial purchase price was paid with liquid funds at the time of the purchase. Supplements to the purchase price may have to be made in 2008 and 2011. The anticipated supplementary purchase price has been set on the basis of an evaluation that the conditions for payment will be met.

	KSEK	
Purchase price		
- paid in cash		2,834
- direct costs linked to the purchase		320
- anticipated supplementary purchase price		8,574
Total purchase price		11,729
Actual value of net assets acquired		-579
Goodwill		12,308
	2005 KSEK	2004 KSEK
Value of assets and liabilities acquired		
Tangible fixed assets	328	-
Other intangible assets	1	-
Software	1,429	-
Customer contracts	381	-
Brands & trade names	572	-
Short-term receivables	3,569	-
Liquid funds	332	-
Long-term liabilities	-4,894	-
Short-term liabilities	-2,297	-
Assets, net	-579	-
Purchase price including acquisition costs	-3,154	-
Supplementary purchase price, BTS Spain	-2,715	-2,096
Liquid funds in companies acquired	332	-
Influence on Group's liquid funds	-5,537	-2,096

Supplementary purchase price, BTS Spain.

On July 1 2003 BTS acquired Internet Simulations Consulting, S.L., now renamed Business Training Solutions S.L. The initial purchase price was paid with liquid funds, partly on purchase and partly through a supplementary purchase price in 2003. Purchase price supplements were paid in 2004 and 2005, see the table above. The 2004 supplementary purchase price includes both the purchase price supplement for 2004 and the anticipated supplement for 2005. The 2005 supplementary purchase price includes the anticipated final supplement for 2006. The anticipated supplementary purchase prices have been set on the basis of an evaluation that the conditions for payment will be met.

NOTE 15 - DEFERRED TAX RECEIVABLE AND PAYABLE

	2005 KSEK	2004 KSEK
Deferred tax receivable	-	-
Items not included in the balance sheet	477	339
Total deferred tax receivable	477	339
	2005 KSEK	2004 KSEK
Deferred tax payable		
Allocations for untaxed reserves for appropriations.	-	217

No deferred tax receivable has been reported for temporary differences attributable to shares and participations in subsidiaries as BTS can control the time for repayment of these temporary differences, and it is likely that such moves will take place within the foreseeable future.

NOTE 16 - PREPAID EXPENSES AND ACCRUED INCOME

	2005 KSEK	2004 KSEK
<i>The Group</i>		
Accrued income	7,501	4,367
Prepaid hiring charges	663	644
Other items	3,986	3,139
Total	12,150	8,150
	2005 KSEK	2004 KSEK
<i>Parent Company</i>		
Other items	116	114

NOTE 17 - SHAREHOLDERS' EQUITY

The Share capital in the company consists of 284,600 A-shares and 5,612,700 B-shares, i.e. a total of 5,897,300 shares with a quotient value of SEK 5,897,300.

The premium reserve consists exclusively of prepaid premiums after deduction of issue costs in connection with the flotation of the Company on the O-list of the Stockholm Stock Exchange in June 2001. In 2005, the company's premium reserve was reduced by SEK 40,000,000, which was transferred to the unrestricted reserves in line with the decision taken by the Annual General Meeting, and after approval was granted by Stockholm District Court.

Exchange rate differences - The Group

Outgoing accumulated exchange rate differences booked directly against shareholders' equity total -6,384. Incoming accumulated differences amounted to -14,073. This change has arisen as a result of recalculating the overseas subsidiaries

The Group

In connection with the conversion to IFRS, the form of presentation of shareholders' equity in the balance sheets was altered. According to the previously applied accounting principles, shareholders' equity was divided into unrestricted and restricted equity pursuant to the provisions of the Swedish Annual Reports Act. Pursuant to IAS 1, shareholders' equity is instead to be divided up according to the sub-components of which it consists. The Group has chosen to specify shareholders' equity in accordance with the list below:

Share capital
Other contributed capital
Other reserves
Profits carried forward
Minority interests

The "share capital" item comprises the registered share capital of the Parent Company. No changes occurred to the share capital in 2004 or 2005.

"Other contributed capital" comprises capital generated through transactions with the shareholder base. The transactions carried out with the shareholder base consists of issues to the premium reserve.

"Other reserves" comprises the translation differences attributable to the conversion of overseas subsidiaries and other restricted reserves in the Parent Company, such as the reserve fund.

The "Profits carried forward" item corresponds to the accumulated profits generated in the Group and that part of the premium reserve fund transferred in line with the decision by the General Meeting.

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

Parent Company

In 2004, the Swedish Annual Accounts Act (ÅRL) was changed as a consequence of the new Swedish Limited Companies Act (ABL). Shareholders' equity in legal entities is to be presented as previously to show restricted and unrestricted shareholders' equity. However, premium reserve funds created before December 31, 2005 are to be converted into reserve funds, which the Parent Company is to book in the balance sheets at December 31, 2005.

NOTE 18 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

General conditions

During the year, BTS's holdings of financial instruments have been limited to primary instruments such as receivables from customers, trade creditors and the like. Customer contracts contain no currency clauses or anything of the kind termed embedded derivatives. No security instruments are held or have been purchased or sold during the year.

Financial assets and liabilities are reported in the balance sheets wherever there is a contractual right or obligation to pay cash or other financial assets to another company, or to receive same from another company, or to swap one financial instrument with another that proves beneficial or otherwise.

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

a) *Financial assets valued at actual value via the income statement.*
This refers to financial assets held for trading. Derivative instruments that are not insurance instruments are also placed in this category. The calculated actual value is based on market prices. Over the past year, BTS had no assets in this category.

b) *Loans and accounts receivable*

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

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

Short-term receivables such as accounts owing are considered to constitute a reasonable approximation of the actual value, which is why the current value of these is not calculated. Loan loss provisions are made on the basis of testing in each individual case

c) *Financial instruments held until maturity*

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

d) *Financial assets that can be sold*

Refers to non-derivative assets intended for sale. These are valued at actual value directly against shareholders' equity - with the exception of write-downs - until such time as the assets are removed from the balance sheet, when the profit or loss on same is entered in the income statement. Over the past year, BTS had no assets in this category.

e) *Financial liabilities*

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

Actual value of financial assets and liabilities

<i>The Group</i> KSEK	Booked value	Actual value
Other long-term receivables	1,726	1,670
Accounts receivable	64,198	64,198
Total current receivables	14,490	14,490
Total financial assets	80,414	80,358
Other long-term liabilities	169	169
Accounts payable	7,347	7,347
Other short-term liabilities	78,583	78,583
Total financial liabilities	86,099	86,099

NOTE 18 - FINANCIAL INSTRUMENTS
AND FINANCIAL RISK MANAGEMENT (CTD.)

Principles of financing and financial risk management

BTS's financing and financial risks are controlled and monitored by the Board. Financing and risk management have been collated under the Group finance function. The aim of the company's risk management is to optimize the consolidated capital costs and, in a carefully thought-out manner, to manage and control the consolidated financial risks. Hedging instruments are to be used within given frameworks, but BTS does not usually hedge future payments. Placements of liquid funds may be made on interest-bearing accounts or in interest-bearing securities with a low credit risk. The remaining maturity period of the placement portfolio must not exceed nine months.

Currency risks

The Group is exposed to currency risks linked to the conversion of overseas subsidiaries, which influences the consolidated result and shareholder's equity. The currencies that have the greatest influence are USD and GBP. Transaction exposure is limited as income and expense are primarily in the same currency on the various markets. BTS does not normally hedge its currency exposure. The sensitivity analysis below shows the effect on the operating result based on BTS's 2005 financial statement and should only be seen as an indication of the significance of the different currencies.

Factor	Percentage Change	Change, full year 2005, KSEK
SEK/USD	+/-10 %	-/+1,859
SEK/GBP	+/-10 %	-/+704

Counterparty risks

BTS only accepts creditworthy counterparts in financial transactions. BTS's accounts receivable are spread among a large number of companies operating in a variety of sectors. The maximum credit risk amounted to KSEK 3,079 (6,212) at the end of the year, which corresponds to the largest credit exposure to any one group.

Liquidity and interest risks

The liquidity risk is small as liquid funds account for only 43 per cent (67per cent) of the balance sheet total. BTS's policy is to allow borrowing with

the approval of the Board. Excess liquidity in subsidiaries is initially to be used to amortize loans. Interest risks are limited to the fluctuating yield on the liquid funds placed at variable rates.

NOTE 19 - BANK OVERDRAFT FACILITIES

The Group

Bank overdraft facilities were granted as of December 31, 2005 in the amount of 15,964 (14,959). These facilities had not been utilized at balance sheet date.

NOTE 20 - ACCRUED EXPENSES AND PREPAID INCOME

	2005 KSEK	2004 KSEK
<i>The Group</i>		
Accrued salaries	34,659	21,458
Accrued social benefit expenses	2,421	1,623
Other items	16,061	7,997
	53,141	31,078

	2005 KSEK	2004 KSEK
<i>Parent Company</i>		
Other items	631	67

NOTE 21 - PLEDGED ASSETS

	2005 KSEK	2004 KSEK
<i>The Group</i>		
Pledged assets for liabilities to credit institutions		
Company mortgages	10,000	10,000

NOTE 22 - CONTINGENT LIABILITIES FOR THE BENEFIT
OF GROUP COMPANIES

	2005 KSEK	2004 KSEK
<i>Parent Company</i>		
Security measures for the benefit of subsidiaries	4,473	3,720

Stockholm, March 14, 2006

Dag Sehlin
Chairman of the Board

Henrik Ekelund
Chief Executive Officer

Mariana Burenstam Linder

Stefan Gardefjord

Tomas Franzén

AUDIT REPORT

To the General Meeting of BTS Group AB
Company reg. no. 556566-7119

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of BTS Group AB for the financial year 2005. The Board of Directors and the CEO have responsibility for the accounting documents and the administration, and for ensuring that the provisions of the Swedish Annual Accounts Act are applied when preparing the annual accounts. They are also responsible for making sure that the International Financial Reporting Standards (IFRS) as approved by the EU and the Swedish Annual Accounts Act are applied in the preparation of the consolidated report. Our responsibility is to comment on the annual accounts, the consolidated accounts and the administration of the company on the basis of our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. This involved our planning and performing our audit to ensure with a high - but not absolute - level of assurance that the annual accounts and the consolidated accounts do not contain significant errors. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO, as well as evaluating the significant estimations made by the Board of Directors and CEO in preparing the annual accounts and consolidated accounts, and evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the Chief Executive Officer. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We consider our audit to give us reasonable grounds for our opinion, presented below.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide a true and fair picture of the company's profits and position in line with good accounting practice in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU, and with the Swedish Annual Accounts Act, and provide a true and fair picture of the Group's profits and position. The administration report is in line with the other sections of the annual accounts and the consolidated accounts.

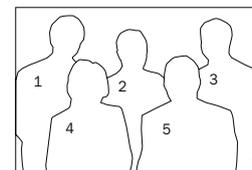
We recommend to the General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Öhrlings PricewaterhouseCoopers AB

Stockholm, March 16, 2006

Lars Berglund.
Authorized public accountant

BOARD OF DIRECTORS AND AUDITORS



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

Henrik Ekelund

Geneva, born 1955

Group President and CEO of BTS Group AB.

Other positions: Member of the Board of Protect Data AB. Shareholdings and warrants in BTS Group AB: 284,600 A-shares and 1,351,611 B-shares.

Henrik Ekelund is the founder of BTS and has been CEO of the company since its establishment in 1986. Henrik Ekelund has extensive experience as a Board Member and owner of growth companies including Jobline AB, Image Publications AB, Strandfastigheter AB (now called Klövern AB) and Universum AB. Henrik Ekelund has an MSc from the Stockholm School of Economics.

Stefan Gardefjord

Täby, born 1958

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

Other positions: Member of the Boards of companies including Caran Saab Engineering AB, Munkeby Systems AB and WM-data Sverige AB. Shareholdings and warrants in BTS Group AB: 1,000 B-shares.

Since 1987, Stefan Gardefjord has held a number of senior executive positions within the WM-data Group. For example, he has been CEO of various subsidiaries, Business Area Manager and Group Executive for marketing, sales and information. In 2001, he was CEO and President of M2S Sverige AB. Previous positions included Head of Consultancy for

Consab Consult AB, before which we worked in the finance and IT departments of Dow Chemical AB.

Tomas Franzén

Nacka, born 1962

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

Other positions: Member of the Boards of Eniro AB, OEM International AB and Com Hem AB. Shareholdings and warrants in BTS Group AB: 5,000 B-shares.

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

Mariana Burenstam Linder

Danderyd, born 1957

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

Other positions: Chairman of the Boards of Kontanten AB and Sverige Amerika Stiftelsen. Member of the Boards of TietoEnator Oy. and SÄKi AB. Shareholdings and warrants in BTS Group AB: 2,100 B-shares.

Mariana Burenstam Linder has broad experience from senior positions with a number of Swedish companies. Her previous positions include CEO of Ainax, President of Enskilda Banken and Global Executive for

Private Banking, Vice CEO of SEB, IT Manager for Trygg-Hansa and, subsequently, the SEB Group, CEO of ABB Financial Consulting and CEO of Nordic Management AB. Mariana Burenstam Linder has an MSc from the Stockholm School of Economics.

Dag Sehlin

Bromma, born 1945

Chairman of the Board of BTS Group AB since 2003.

Other positions: Member of the Boards of D. Carnegie & Co. AB, Carnegie Investment Bank AB, Carnegie ASA, Tredje AP-fonden and ProAct IT Group AB, and of AB Piccola (which he owns) and its wholly owned subsidiary Förvaltning Madape AB. Shareholdings and warrants in BTS Group AB: 2,000 B-shares and, through companies, 1,000 B-shares.

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

AUDITOR

Lars Berglund

Stockholm, born 1950.

Authorised public accountant

Öhrlings Pricewaterhouse-Coopers AB.

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

The information about shares and warrants listed above refers to conditions at December 31, 2005.

SENIOR EXECUTIVES



Henrik Ekelund
Group President and CEO of BTS Group AB.
See the Board of Directors for details.



Stefan af Petersens
Lidingö, born 1955
Acquisitions and key account contacts.
Employee of BTS since 1986.
Shareholdings and warrants in BTS Group AB:
990,144 B-shares.



Stefan Brown
Nacka, born 1963
CFO and deputy CEO of BTS Group AB.
Employee of BTS since 1990.
Shareholdings and warrants in BTS Group AB:
1,500 B-shares and call options on 20,000
B-shares.



Jonas Åkerman
Connecticut, born 1963
CEO of BTS North America.
Employee of BTS since 1991.
Shareholdings and warrants in BTS Group AB:
254,600 B-shares and call options on 60,000
B-shares.



Stefan Hellberg
Stockholm, born 1957
Responsible for sales and HR processes and IT.
Employee of BTS since 1986.
Shareholdings and warrants in BTS Group AB:
550,436 B-shares.

The information about shares and warrants listed above refers to conditions at December 31, 2005.

ADDRESSES

BTS GROUP AB

Grevgatan 34
114 53 Stockholm
Sweden
Phone: +46 8 58 70 70 00
Fax: +46 8 58 70 70 01

P.O. Box 6119
1211 Geneva 6
Switzerland
Visiting address:
Rue du Nant 8
1211 Geneva 6
Phone: +41 22 80 724 00
Fax: +41 22 80 724 01

BTS SWEDEN

Grevgatan 34
114 53 Stockholm
Sweden
Phone: +46 8 58 70 70 00
Fax: +46 8 58 70 70 01

BTS FINLAND

Eriksgatan 7E
00100 Helsinki
Finland
Phone: +358 9 68 11 270
Fax: +358 9 68 11 27 16

BUSINESS GAME FACTORY OY

Arabianranta 6
005 60 Helsinki, Finland
Phone: +358 9 8622 3600
Fax: +358 9 8622 3611

BTS NORTH AMERICA

300 Stamford Place
Stamford, CT 06902
USA
Phone: +1 203 316 27 40
Fax: +1 203 316 27 50

456 Montgomery Street
Suite 900
San Francisco, CA 94104-2808
USA
Phone: +1 415 362 42 00
Fax: +1 415 362 42 70

181 Washington Street
Suite 540
Conshohocken, PA, 19428
USA
Phone: +1 484 391 29 00
Fax: +1 484 391 29 01

BTS ASIA

Patrick Fei, BTS c/o Joie Zhou
Rm 1201, Hyundai Motor Tower
No. 38 Xiaoyun Road
Chaoyang District
Beijing 100027
China

BTS GREAT BRITAIN

346 Kensington High Street
London W14 8NS
England
Phone: +44 207 348 18 00
Fax: +44 207 348 18 01

BTS SOUTH AFRICA

Postal address: P.O. Box 10380
Centurion, 0046 South Africa
Visiting address:
Lake view Crescent
Centurion Ganteng 0046
South Africa
Phone: +27 126 636 909
Fax: +27 126 636 887

BTS AUSTRALIA

BTS Australasia Pty Ltd
Suite 103 Level 1
109 Pitt Street
Sydney NSW 2000
Australia
Phone: +61 2 9233 8833
Fax: +61 2 9233 8655

SL. Kilda Road Towers
Suite 823, I Queens rd.
Mebourne, VIC 3004
Australia
Phone: +61 3 9863 7722
Fax: +61 3 9863 7724

BTS SPAIN

c/General Yagüe, 10-1*G
28202 Madrid
Spain
Phone: +34 91 417 5327
Fax: +34 91 555 2433

c/Navarra, 6-5°

Bilbao 48001
Spain
Phone: +34 94 423 5594
Fax: +34 94 423 6897

