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BTS Group AB (publ)
Company Reg. No. 556566-7119

INFORMATION FOR SHAREHOLDERS

GENERAL MEETING 2003

The annual general meeting will be held on Thursday, 24 April 2003, starting at 10.00 at Flagg skeppet, Näringslivets hus, Storgatan 19, Stockholm, Sweden. Shareholders who wish to attend must be recorded in the share register no later than Monday, 14 April 2003 and must notify BTS Group AB of their intention to attend no later than 12 noon on Wednesday, 16 April 2003. Notification can be sent by phone, fax or e-mail: tel. +46 8 58 70 70 22, fax +46 8 58 70 70 01, ir@bts.com.

Notification must include the shareholder's name, civic 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. Applications for such registration must be made in good time before Monday, 14 April 2003.

DIVIDEND

The Board proposes a dividend of SEK 0.50 per share.

REPORTS AND FINANCIAL INFORMATION, 2003

Interim reports	
January—March	24 April 2003
January—June	19 August 2003
January—September	23 October 2003
Year-end report	February 2004

These reports are available on request from Christian Ankarcrona, BTS Group AB, Grevgatan 34, S-114 53 STOCKHOLM, tel. +468-58 70 70 00, fax: +46 8-58 70 70 01 or 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 a different meaning is implied by the context).

THE YEAR IN BRIEF

- Net turnover during the year fell by 13 per cent to MSEK 172.2 (196.9)
- Results before tax totalled MSEK 10.1 (11.2) while results after tax totalled MSEK 6.4 (9.9) and the net operating result amounted to MSEK 8.5 (12.6)
- Cash flow from operations for the year totalled MSEK 15.4 (-1.1)
- A large number of new customers signed contracts with BTS, including AkzoNobel, General Motors, NCR, Nokia and the Royal Mail
- Income from Web-based simulations grew by 47 per cent
- BTS UK – including the Australian subsidiary – grew by 78 per cent

KEY FIGURES

	2002	2001
Net turnover, KSEK	172,230	196,887
Operating result, KSEK	8,463	12,644
Result before tax, KSEK	10,096	11,151
Result after tax, KSEK	6,413	9,938
Operating margin, %	4.9	6.4
Profit margin, %	3.7	5.0
Operating capital, KSEK	25,345	35,517
Return on equity, %	6	17
Return on operating capital, %	28	44
Solidity at end of period, %	81	80
Cash flow from current operations	15,423	-1,150
Cash flow for the year	10,743	44,242
Liquid funds, closing balance	78,992	68,249
Average number of employees	110	125
Number of employees at the end of the year	102	119
Net turnover per employee, KSEK	1,566	1,575

BTS IN BRIEF

MSEK	Result				
	2002	2001	2000	1999*	1998*
Net turnover	172.2	196.9	177.3	140.8	114.0
Operating result	8.5	12.6	12.3	9.7	5.1
Average number of employees	110	125	114	102	90

* Pro forma – development over the past five financial years is presented above.

The Group's activities were restructured in February 1999 and the figures for 1998 and 1999 are thus pro forma.

BUSINESS ACTIVITIES

- BTS 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 helps to train the entire organisation to make analyses and take decisions centred on the factors that promote growth and profitability.
- This generates increased emphasis on profitability and market focus, and supports decision-making, which in turn leads to measurable, sustainable improvements in profits.

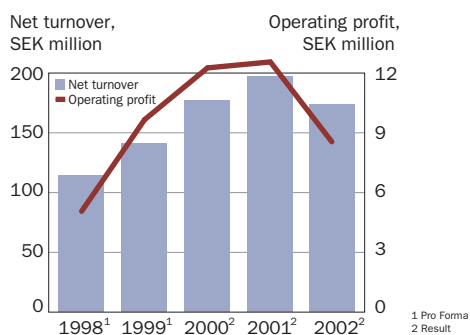
CUSTOMERS

BTS customers primarily operate in the following fields: manufacturing industry, telecom, IT, pharmaceuticals/ biotechnology, and banking and insurance. BTS also works with customers from other areas including the retail, service and distribution sectors.

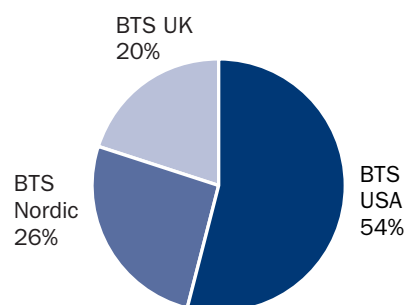
Examples of customers:

BTS USA	Agilent, Applied Materials, Aventis, Bell Canada, Bell South, Cisco, Federated Department Stores, Genera Motors, Hewlett Packard, Labatt, NCR, Oncor, Pitney Bowes, Raytheon, Texas Instruments, Weyerhaeuser
BTS Nordic	AstraZeneca, Biovitrum, Cloetta Fazer, Delaval, Electrolux, Elekta, Ericsson, Metso, Nokia, Posten Norge, Sandvik, SAS, Skanska, UPM-Kymmene, Volvo
BTS United Kingdom	Akzo Nobel, AMP, Barclays Bank, British Gas Trading, Centrica, Goldman Fielder, Philips, Royal Mail

Net turnover and operating profits
1998–2002



Net turnover 2002
per operative unit





OVERRIDING GOALS AND STRATEGY

BTS' overriding goal is to be the leading supplier of business simulations on the markets where the Company is active.

BTS' strategies for achieving this goal are:

- Focus on business acumen training solutions of strategic importance to the customer.
- Training solutions based on business simulations
- Focus on large, leading customers within selected sectors.
- Network-based marketing and long-term customer relations.
- Continuous expansion of the ranges of products and services offered
- Organic growth combined with acquisitions
- A very attractive workplace.

FINANCIAL GOALS

BTS' financial goals are:

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



INTERVIEW WITH THE CEO



A handwritten signature in blue ink, which appears to read 'Henrik Ekelund'.

Henrik Ekelund
CEO

How would you summarise 2002?

A very difficult year for the market, where BTS nevertheless achieved relatively good results. We maintained our results before tax level, appreciably improved our cash flow and strengthened our position in the market.

We made progress in a number of areas. We have had one of our best years ever as regards new customers. We have also implemented a number of important changes intended to improve productivity and reduce costs.

At BTS Nordic, we have transformed losses into gains. As regards Web-based services, we have grown considerably and achieved profitability.

How has the market for corporate training developed?

The market for corporate training has shown an underlying growth trend for many years. Demand is, to an extent, sensitive to market conditions. It is our opinion that the market declined in both 2001 and 2002.

Our simulations business area is attracting more and more interest. A number of new players have appeared in the sector – both newly established and conventional consultancy and training companies – and these companies are offering a pedagogy that is similar to ours.

“We maintained our results before tax level, appreciably improved our cash flow and strengthened our position in the market.”

BTS achieved growth of around 50 per cent in the area of Web-based services, and this area now accounts for approximately 13 per cent of our turnover. Just three years ago, this figure was zero. Many companies implemented less than completely successful e-learning projects during the 1990s. The application of this form of learning has matured, and customers, primarily in the United States, have begun to see it as a good alternative to more conventional training methods – particularly when it comes to provide training for large groups of people.

How have you managed to maintain the profit level despite the tough market conditions?

I think the reason for this is that we have acted both defensively and aggressively. We have managed to reduce costs while simultaneously increasing investments.

”We have acted both defensively and aggressively. We succeeded in reducing costs while simultaneously increasing investments.”

Our market share has grown. We have developed our working relationships with existing customers and have made good progress as regards sales to new customers. During the past year, we have acquired a large number of new customers who, together, employ more than 1 million people. New customers include General Motors, Royal Mail, Nokia, Akzo Nobel and ISS.

This means that our customer base is much larger than before. As a result we are less dependent on our biggest customers. We have also reinforced our position in new sectors.

One of the most important reasons for our success is the fact that our employees have maintained a high level of motivation thanks to the changes we have implemented. This positive atmosphere is clearly reflected in our everyday work and in our regular employee surveys.

So what have you done, exactly?

We have invested in sales, in product development and in improving productivity. We also covered all the costs of these investments during the year.

Sales: we have expanded our sales organisation, developed new distribution channels and systemised our sales input vis-à-vis both existing customers and prospects.

Product development: we have worked to accommodate the changing requirements of the market. Two new areas we have developed over the past year are Managing for Value and Customer Loyalty.

Productivity: we have reduced our costs by cutting project lead times, reducing overheads, costs and staffing levels, and increasing the level of reuse of simulation programs and documentation.

What results have you achieved on the different markets?

In the Nordic region, we have transformed an operating loss of MSEK 2 into an operating profit of MSEK 3.5. This is due in part to the fact that we have streamlined and increased the efficiency of our organisation while simultaneously focusing on sectors that are less sensitive to market conditions – pharmaceuticals and biotechnology, for example – and diversifying our customer base.

“The British market has also developed positively, with operat-

ing profits increasing from MSEK 1.4 to MSEK 5.6. BTS UK also includes the business we established last year in Australia through a corporate acquisition. The turnover generated by the company we acquired has tripled during the year, thanks in part to the contribution made by the BTS product range and customer base.

On the other hand, our operations in the United States did not fare quite as well. In fact, this market returned a negative operating

“We entered 2003 with lower fixed costs than in 2002 as well as an organisation running with higher productivity. Our customer base is broader and our sales organisation is stronger.”

result in the amount of MSEK 0.6. This is due to a number of factors: the negative development of the market, our exposure towards the telecom and IT sectors, and the fact that a number of our American customers have been concentrating on restructuring their businesses. We have implemented changes in BTS USA to reinforce and direct sales initiatives and to reduce costs. We believe that these changes will help BTS USA to start generating positive results again.

What will be the greatest challenge in 2003?

The challenges facing us include achieving higher income, lowering costs and continuing to invest in the future.

However, we are starting out from a strong base. We entered 2003 with lower fixed costs than in 2002 as well as an organisation running with higher productivity. Our customer base is broader and our sales organisation is stronger.

BTS has a good financial position with net cash holdings of MSEK 79 million, and the Company is generating a positive cash flow. We are selectively looking for small, complementary acquisitions.

It is important that we continue to invest in product development. Companies need efficient programmes for skills and organisational development, and this trend is certain to continue in the increasingly tough competitive environment that distinguishes the market today.

Simulations constitute a very effective training method – a method that is sure to capture an ever larger share of the training market. This opens the door to a host of opportunities, and BTS is well placed to make the most of them.

MARKET OVERVIEW

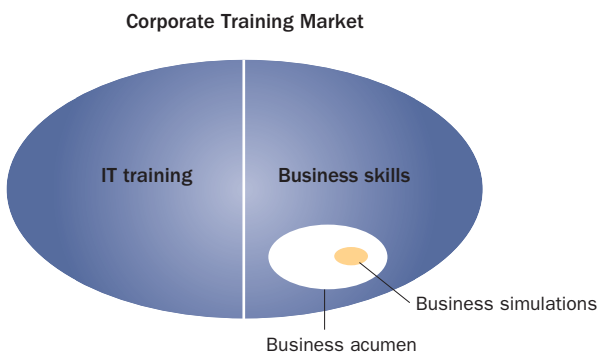
MARKET POSITION AND COMPETITION

BTS is the leading supplier of simulations for business acumen training in the United States and the Nordic region. BTS' customers are primarily drawn from the following sectors: manufacturing industry, distribution, IT, telecom, finance and pharmaceuticals and biotechnology. Seventeen years of operation and continuous development has helped BTS to achieve a leading position in the market. In 2001 and 2002, BTS achieved better growth in income than the competition and succeeded in strengthening its position on the market.

BTS' competitors consist of a number of small niche players which, in the same way as BTS, focus on business simulations. In addition, BTS competes for customers' training budgets with other players who offer solutions that are not based on simulations. Such players include universities, colleges and large training and consultancy companies. The most important competitors in the field of computer-based business simulations include SMG (USA), Megalearning (Belgium), and StartX (France).

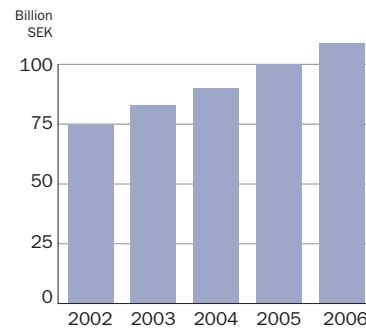
Large, conventional consultancy and training companies such as Accenture are also beginning to show greater interest in business simulations. In the field of what is known as e-learning, there are currently a large number of companies that offer a wide range of training courses via the Internet.

International Data Corporation (IDC) – the independent analysis institute – participates in the corporate training market within two sectors: IT training and business skills. IT training refers to computer utilisation and other IT-related skills. Business skills refers to a number of non-IT areas, such as language, production technology and business acumen. BTS operates in the business acumen segment.



In a report from November 2002¹ IDC predicts an average annual growth rate of 10 per cent in the field of training in business skills in Europe. This growth will take place over the next four years. IDC says that following weak market development in 2002, growth will recover and return to normal levels as from 2003. This year, the European market is valued at around SEK 75 billion², with the American market being valued slightly higher.

Estimated turnover in the European market for Business Skills¹ from external training providers



BTS' VIEW OF MARKET DEVELOPMENT.

According to our evaluation, the market developed negatively in both 2001 and 2002. General uncertainty about the direction of the financial situation is putting a damper on companies' will to invest. This naturally results in delays in the decision-making process as regards large-scale training initiatives. However, the long-term requirement for corporate investment in training remains, and companies are showing increasing interest in the use of business simulations.

BTS believes that the sub-segment of business acumen will grow in step with the total market for business skills but that the market for business simulations will grow even faster. As this is dependent on simulations providing more efficient training methodology than conventional training, it is encouraging to note that general IT developments are making better and better simulations possible.

1. Report from the International Data Corporation (IDC), January 2002. "European Business Skills Training Market Forecast and Analysis, 2001–2006."
2. Report from the International Data Corporation (IDC), January 2002. "European Business Skills Training Defies Slowdown to Reach \$13 Billion by 2006."

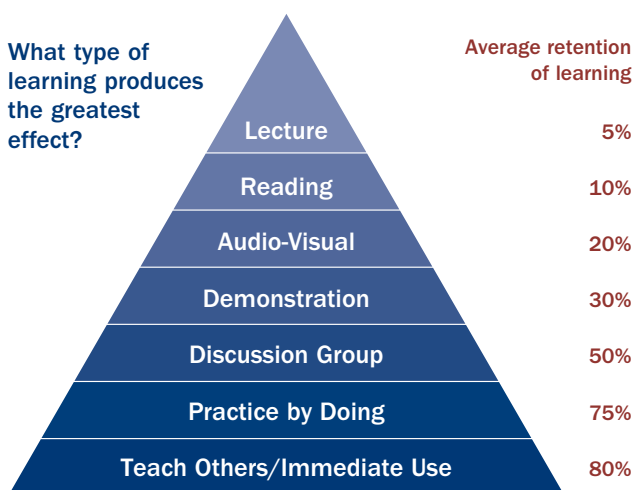
THE DRIVING FORCES OF THE MARKET

Many companies are experiencing continuous and increasingly rapid change in their business. In-house competencies are becoming ever more valuable as competitive parameters. This means that the need for training for managers, key personnel and other groups of employees is growing. The advanced rate of change demands training initiatives that make it possible to implement the required changes in time. There is also a long-term trend for outsourcing areas that do not form a part of a company's core competencies – areas such as corporate training – and it seems that this trend is gaining momentum. All these factors will make a positive contribution to market growth.

In addition to the general driving forces of the corporate training market described above, BTS is of the opinion that the market for the business simulations niche will be influenced by the following driving forces and trends:

- *Interactivity produces demonstrably better learning.*
Business simulations are built on interactivity, which is an important factor in ensuring that training generates good results. Interactive forms of training are considerably more effective than conventional types of training.

- *Increased demand for company-specific training programmes.*
The demand for company-specific training programmes will continue to increase at the expense of standardised training courses. Adaptation increases the opportunity to link training to the development and improvement of a company's business activities.
- *Increased requirement for measurable business results linked to the development of the company.*
Demand is changing, moving away from conventional training – where the focus is very much on the learning capacity of the participants – to training that is directly linked to improvement and change initiatives within the company. Measurable business results are the order of the day.
- *Increased demand for training programmes for employees at all levels.*
Companies have increasingly begun to request business acumen training solutions that cover broader groups of employees. Such training involves, for example, anchoring corporate goals and strategies, introducing new production systems, and implementing improvements in productivity and quality assurance.
- *Increased demand for Web-based training programmes.*
The demand for Web-based training is growing. For training initiatives directed at broader groups of employees within the customer's organisation, the company's intranet can be used to reach employees at different locations in a cost-efficient manner. In addition, Web-based training courses can be used to supplement classroom training for managers and other key employees – particularly as regards preparation and follow-up.



The Learning Pyramid, taken from "Corporate Universities" by Jeanne Meister

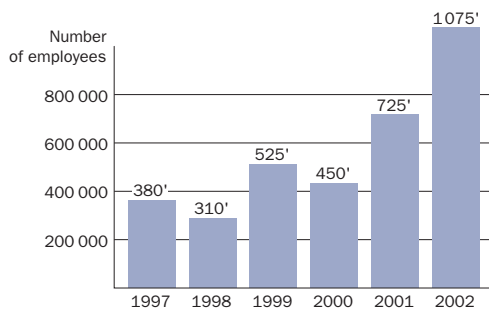
CUSTOMERS

BTS customers primarily operate in the following fields: manufacturing industry, telecom, IT, pharmaceuticals/ biotechnology, and banking and insurance. However, the Company also has customers from other sectors, including distribution, transport and energy. The BTS customer base includes large and international companies that are among the leading players in their respective fields. BTS enjoys long-term relationships with its customers, usually in excess of five years.

Examples of customers from different sectors

Industry	Akzo Nobel, Centrica, Electrolux, General Motors, NCR, Pitney Bowes, Philips, Sandvik
Telecom	Bell Canada, Bell South, Cingular, Ericsson, SBC, Nokia
IT	Applied Materials, Cisco, Hewlett Packard, Sun Microsystems, Texas Instruments
Banking/insurance	AMP, Barclays Bank, Liberty Mutual, Länsförsäkringar, Skandia, If
Pharmaceuticals/ biotechnology	AstraZeneca, Aventis, Biovitrum, Elekta, Genentech
Other	Carlsberg, Posten, Royal Mail, SAS, Weyerhaeuser

Number of employees of new customers



A rough measure of potential customers is the total size of their workforce. During the first year, new customers generally purchase less than existing ones. Subsequently, however, the purchase volume usually grows. The graph shows the total number of employees of the companies that have called on BTS for the first time during the respective years.

PRESS RELEASES 2002

GENERAL MOTORS NEW CUSTOMER OF BTS

GENERAL MOTORS, THE LARGEST VEHICLE MANUFACTURER IN THE WORLD, HAS COMMISSIONED

AKZO NOBEL COATING NEW CUSTOMER OF BTS

AKZO NOBEL COATINGS, THE WORLD LEADER IN THE FIELD OF PROTECTIVE COATINGS, HAS COMMISSIONED BTS, THE CONSULTANCY AND TRAINING SPECIALISTS, FOR AN ASSIGNMENT WORTH UP TO MSEK 4. THE COMMISSION, WHICH INVOLVES A

BTS ADDS POSTEN NORGE TO ITS CUSTOMER BASE

POSTEN NORGE HAS CHOSEN BTS GROUP AB - THE CONSULTANCY AND TRAINING SPECIALISTS - TO DEVELOP AND IMPLEMENT A SPECIAL PROGRAMME FOR 100 OF

BTS SUPPLIES TRAINING PROGRAM TO HONEYWELL

BTS HAS ANNOUNCED TODAY THAT HONEYWELL, A LEADING COMPANY IN THE FIELD OF TECHNOLOGY AND MANUFACTURING WITH 108,000 EMPLOYEES, HAS ORDERED TWO TRAINING PROGRAMMES. THE FIRST PROGRAMME IS

BTS ADDS CLOETTA FAZER TO ITS CUSTOMER BASE

CLOETTA FAZER HAS SELECTED BTS GROUP AB - THE CONSULTANCY AND TRAINING SPECIALISTS - TO DEVELOP AND IMPLEMENT A PROGRAMME FOR AROUND 200 OF THE COMPANY'S MANAGERS AND STAFF. THE COMMISSION IS TO BE CARRIED OUT IN 2002 AND 2003. IT INVOLVES A TAI

NCR - A NEW BTS CUSTOMER

NCR, A LEADING SUPPLIER OF HARDWARE AND SOFTWARE FOR CASH REGISTERS AND

SWISSCOM JOINS THE BTS CUSTOMER BASE

SWISSCOM MOBILE, ONE OF THE LEADING MOBILE SERVIC

ONCOR AWARD COMMISSION TO BTS

ONCOR, A SUBSIDIARY OF TEXAS UTILITIES (TXU) - ONE OF THE LEADING ENERGY COMPANIES IN THE WORLD - HAS COMMISSIONED

CENTRICA CHOOSES BTS FOR NEW ASSIGNMENT

CENTRICA, THE LEADING COMPANY IN GREAT BRITAIN IN THE FIELD OF ENERGY AND SERVICES FOR HOUSE-

ROYAL MAIL JOINS THE BTS CUSTOMER BASE WITH A COMMISSION VALUED AT AROUND MSEK 4

THE ROYAL MAIL, WHICH

BTS RECEIVES ASSIGNMENT FROM CISCO

CISCO, THE AMERICAN IT GIANT, HAS COMMISSIONED

FEDERATED DEPARTMENT STORES CALLS ON BTS

BTS HAS RECEIVED A COMMISSION FROM FEDERATED DEPARTMENT STORES TO DEVELOP A TAILOR-MADE

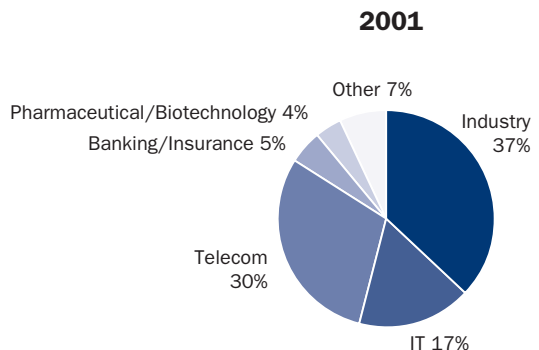
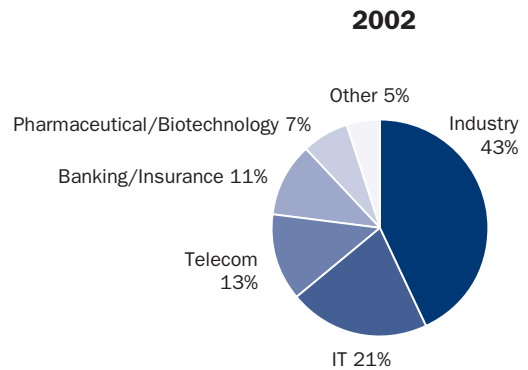
AKZO NOBEL CAR REFINISHES - A NEW BTS CUSTOMER

AKZO NOBEL CAR REFINISHES, WHICH SUPPLIES PAINT AND SERVICES FOR GARAGES AND VEHICLES, HAS GIVEN BTS A TRAINING AND DEVELOPMENT ASSIGNMENT VALUED AT UP TO MSEK 2. IN 2001, AKZO NOBEL CAR REFINISHES GENERATED AROUND SEK 7 BILLION IN INCOME. THE ASSIGNMENT

“WE HAVE HAD ONE OF OUR BEST YEARS EVER AS REGARDS NEW CUSTOMERS.”

In 2002, BTS acquired a large number of new customers and captured increased market shares. In fact, BTS invoiced 111 customers in 2002, 17 of which were new additions. The most important sectors – manufacturing industry, IT and telecom – contributed 43, 21 and 13 per cent of the Group’s net turnover for the year, respectively. The 15 largest customers provided around 50 per cent of the Group’s net turnover for 2002, although no single customer accounted for more than 9 per cent.

Net turnover by sector



BY HENRIK EKELUND

THE ART OF IMPLEMENTING AND ACHIEVING RESULTS

Why is it that some managers and companies manage to implement all kinds of changes, large and small? Why is it that others fail repeatedly, in spite of working with clearly defined plans? These are some of the most fundamental issues involved in the work of running a company. Defining and applying the answers is now more important than ever before.

FOR A COMPANY TO BE SUCCESSFUL its costs and productivity must be world-class and it must be able to accommodate new requirements from customers by providing the right solution at the right price – right on time. Modern market conditions mean that companies have to be able to change quickly and ever more frequently.

Far too many initiatives for change fail to achieve their goals: new IT systems do not produce the desired results, product development is delayed, cost programmes fall short of the mark ... There is almost no end to the list of examples.

Enough books have been written about the concept of change management to fill several libraries. These are often packed with complex and complicated theories. Good solutions are not complicated.

The aim is to change people's attitudes so as to improve profitability. To start with, it is all about defining the results we are looking for – and gaining the commitment of our employees by convincing them of the importance of these results. The next step involves promoting dialogue about how to achieve results – and rewarding people for successful input. In the event that we do not make it, it is important to provide support and coaching, and to be ready to move those who cannot go the whole way. It is a matter of creating a culture that implements and achieves results.

Fundamentally, every single change initiative is intended to help people act in a new way – a way that leads to higher income and/or lower costs.

It has to do with business results and people changing what they do and how they do it. So what is it, exactly, that can convince people to do things differently?

Many change projects are based on an unshakeable belief that good systems and processes are enough. Once these have been finalised and tested, it is time to “implement”

them, which requires “training the users”. This mechanical approach with communication trickling down from the upper reaches of the organisation according to the whims of the message sender has resulted in more than its fair share of failed projects.

Instead of spoon-feeding people with finished solutions and presenting unassailable arguments, it is better to let people discover advantages and new approaches that explain, motivate and provide inspiration for change. – Why! – What! – How!

BTS's task is to support companies in the successful implementation of changes and improvements. We are specialists – even world leaders – in simulations, which constitute a tool that can be used very effectively¹ to this end within two different areas:

1. Clarify goals, results, focus.

In order to find the right focus and approach, trial and error is the best way to go. Theories and ideas have to be tried and tested as prototypes. Simulations are a tangible, rapid and inexpensive way to carry out trials and find the right route early on in a project.

2. Generate a shared view and activate a different attitude.

In a simulation, users can reach their own conclusions and acquire their own knowledge on the basis of their own activities and feedback. Participants are given the chance to go through the original thought process in concentrated form. This is the process that explains the “why, what and how” of the concept. Complex associations are simplified. Spoken messages take form. Simulations present the whole picture, highlight concrete decision situations and clearly indicate what needs to be changed.



In the following sections some of our customers explain how they have achieved progress and results, by using simulations as a tool, for example.

- **Biovitrum** got its entire workforce on message in its newly established company – firmly behind its business concept, goals and strategies
- **Carlsberg Sverige** introduced a new IT system and improved the efficiency of the entire distribution chain
- **Bell South** improved the productivity of its sales managers and staff
- **Barclays Bank** started to apply the new business philosophy – Managing for Value
- **Weyerhaeuser** encouraged all managers to back a new strategy
- **Texas Instruments** shortened product development times.

“It has to do with business results and people changing what they do and how they do it. So what is it, exactly, that can convince people to do things differently?”

1. “A deep body of theoretical literature asserts the power of simulations to change behaviour by giving managers the opportunity to experiment, test their assumptions, and learn from their mistakes in a risk-free environment”. McKinsey Quarterly, 2001, “Can companies take a shortcut to strategic change?”

Biovitrum got its entire workforce on message in its newly established company – firmly behind its business concept, goals and strategies

Biovitrum became a completely new company following its split from Pharmacia 2001. Business philosophy, goals and strategies were developed. The challenge was to win the hearts and minds of the staff over to the common direction.

Together with Biovitrum, BTS has developed a simulation that illustrates the Biovitrum business strategy. The aim was to improve understanding of the challenges facing Biovitrum as regards its business philosophy and goals. It was also essential to explain the role of every single employee in meeting these challenges. A broader, more comprehensive understanding of strategy and business acumen was essential to this work. The company also wanted to improve understanding of the business process throughout the Biovitrum organisation. In all, 500 people at the company completed the BTS programme in 2002.

Biovitrum is a new company with a new business strategy. Thanks to a remarkable working relationship with BTS we succeeded in explaining and selling this strategy to our staff in a manner that exceeded our expectations.

Mats Pettersson, CEO, Biovitrum AB

Biovitrum, previously a part of Pharmacia, employs around 500 people, making it one of the largest biotechnology companies in Europe. More than 400 of its staff are researchers. The business of the company involves R&D in small molecular medicines and recombinant proteins as well as the manufacture of recombinant protein medicines.

Carlsberg Sverige introduced a new IT system and improved the efficiency of the entire distribution chain

Carlsberg Sverige was born of the merger between Carlsberg and Pripps Ringnes in 2000. The company was faced with a number of challenges, including delivery problems and elevated logistics costs. A new supply chain system was installed, but it did not generate the desired results. Together with BTS, the company put together a programme intended to train employees in delivering on time to all customers – while simultaneously lowering costs.

Participants were able to run simulations of how different actions influenced quality and costs in the business flow – i.e. the flow from order to delivery. This was intertwined with training in business economics relationships and business flow. Initially, the programme was run for the company management, with around eighty executives completing the course. To ensure that the new knowledge penetrated all areas of the organisation, the programme was then run for the people who actually worked with the flow. This involved training 15 in-house trainers, who then spent a few intensive months training a large number of employees at the company.

The most striking result we have seen is an increase in communication and dialogue. We operate with an enormous flow from our four warehouses – around 200,000 packages a day. This means that when you make a decision you must ensure that it is in line with the company's economic principles. This is a goal we have now achieved. One concrete example of what this has led to is the fact that during summer, logistics costs fell by MSEK 18 or 8 per cent compared to the same period in 2001!

Anders Torell, Logistics Manager, Carlsberg Sverige AB

Carlsberg Sverige is a part of one of the largest brewery groups in the world. The company employs 2,250 people and generates an annual turnover of around SEK 3.6 billion.

Bell South improved the productivity of its sales managers and staff

An important goal for Bell South was to improve the productivity of its sales organisation. Investment in a new IT system (a CRM system) provided a valuable tool, but produced only limited results.

Bell South commissioned BTS to reinforce the business capacity of the sales organisation to

- achieve the goals for the year and position the company strategically for the coming years
- develop an efficient sales strategy involving solution sales built on customer requirements
- generate successful sales conditions through coaching, development and efficient sales tools.

The initial target group consisted of 250 sales managers within the organisation. Immediately after the first run, the sales managers decided that all sales staff should complete a similar program.

Some of the prioritised areas for improving sales productivity were:

- increasing the number of sales opportunities identified
- increasing the ability of the sales staff to evaluate sales opportunities
- focusing on customer satisfaction – thus retaining fundamental income
- prioritising time correctly
- using the CRM sales tool to improve efficiency
- efficiently managing the sales force

The internal follow-up of sales performance four months after the programme showed:

- an 11 per cent increase in productivity among sales staff during the 4-month period
- a 58 per cent increase in the sales pipeline
- a 32 per cent increase in the number of sales staff who exceeded their targets
- a 5 per cent increase in customer time.

Martha Good, Director of Learning, Bell South

With more than 75,000 employees Bell South is one of the largest telecom companies in the United States.

Barclays Bank started to apply the new business philosophy – Managing for Value

When Matt Barrett took on the position of CEO of Barclays Bank in 2000, he undertook to double the value of Barclays every four years. In order to achieve this ambitious goal, he also decided to implement Managing for Value as the company's business philosophy.

In order to do so, it was essential to make a major change to the way the bank did business, and to the way capital – both financial and human – was allocated.

In 2001, BTS was called in to develop and deliver a programme designed to support these changes and to anchor Managing for Value in the organisation.

Following interviews with the Barclays management team, BTS developed a tailor-made solution. This included a simulation that reflected the bank operations as regards both office operations and business procedures. Specialists from BTS and the bank ran discussions and an application workshop.

The first target group consisted of the bank's 550 most senior executives and directors. The programme ran over three days. All executives completed the course during a 12-week period.

The result was a strongly shared common perception of Managing for Value throughout the organisation, along with increased knowledge about how to develop and implement strategies within the framework of Managing for Value, and measures were developed for transforming knowledge into actual actions in everyday work situations.

The training programme was very stimulating and really generated value in our business.

I cannot remember ever having invested three days of my time in more relevant training.

Managing Director, Agricultural Banking

It is not possible to provide any quantitative proof, but the qualitative evidence is clear – this is one of the most powerful methods for helping an organisation to implement Managing for Value.

Peter Herbert, Group Strategy and Planning Director, Barclays Bank

Barclays Bank is one of the largest banks in Europe with 75,000 employees in 60 countries.

IMPLEMENTATION AND ACHIEVING RESULTS

Weyerhaeuser encouraged all managers to back a new strategy – The Roadmap for Success.

When Steve Rogel took over as the new CEO around three years ago, he oversaw the development of Weyerhaeuser's plan for future development – the Roadmap for Success. This document defined the company's vision, business goals, eight principal strategies and eleven critical business processes. Development of The Roadmap demanded comprehensive input, and the next challenge was to win over the entire workforce. The intention was for them to understand, "buy" and enthusiastically apply The Roadmap and achieve results.

BTS designed and implemented two tailor-made simulations – a computer-based simulation for Weyerhaeuser's 500 top executives, and a manual solution for middle managers and supervisors.

The results of these high-quality solutions were immediate and striking. Understanding, ownership feelings and the will to fight for the strategies all improved dramatically after the managers participated in these highly captivating and motivating simulations. The simulations clearly mirror the everyday operations, difficulties and key leverage points in our sector in a very impressive manner.

Simulations are an excellent way to teach complex business strategies to adult users. Participants have the opportunity to see immediately how their simulated decisions affect key figures such as return on net assets and safety. BTS is far and away the best supplier of tailor-made business simulations in the sector.

**Horace Parker, Training Manager,
Weyerhaeuser Company**

Weyerhaeuser is one of the largest manufacturers of wood and timber goods in the world. The company employs 58,000 people in 18 countries and generated a turnover of USD 18.5 billion in 2002.

Texas Instruments shortened its product development times

Launching a new product onto the market at the right time is essential to the success of Texas Instruments. A month's delay or a product that performs poorly can mean a loss of market position, which can be difficult to turn around.

Texas Instruments therefore commissioned BTS to develop an intensive 2-day course to train 2,000 R&D engineers in trade-offs related to product development decisions – e.g. time versus cost, time versus properties and time versus market share. A tailor-made simulation illustrated Texas Instruments' developing process for semi-conductors. The aim was to show the engineers how their product development decisions affect Texas Instruments' market shares, profitability and growth.

After six months, the results were:

- 85 per cent answered "yes" to the question "Has the course helped you to do your job better?"
- 87 per cent answered "yes" to the question "Do you consider that you take better decisions concerning technical issues on the basis of the financial knowledge you acquired from the course?"

It is simple to sum up the affect BTS has had on Texas Instruments – they have made us a better company.

**Jeff McCreary, Executive President World Wide Sales,
Texas Instruments**

Texas Instruments employs 45,000 people and is one of the largest companies in the field of semi-conductors and semi-conductor components in the world. In 2000, Texas Instruments generated a turnover of more than USD 110 billion.

BTS IN THE UNITED STATES, THE NORDIC REGION AND GREAT BRITAIN.

OPERATIVE UNITS

Net turnover per operative unit

MSEK	2002	2001
BTS United States	92.6	127.5
BTS Nordic	45.1	50.0
BTS United Kingdom	34.5	19.4
Total	172.2	196.9

Operating profit per operative unit (Group-internal costs distributed)

MSEK	2002	2001
BTS United States	-0.6	13.2
BTS Nordic	3.5	-2.0
BTS United Kingdom	5.6	1.4
Total	8.5	12.6

USA

“We primarily focus on companies with more than 10,000 employees, as commissions from such companies are often extensive and run for many years.”

Nordic

“I can see a high demand for training solutions that focus on concrete improvements in profits.”

UK

“We did well in 2002. We expanded by almost 80 per cent and improved our profit margin to 15 per cent.”



JONAS ÅKERMAN
CEO OF BTS USA

Are you satisfied with the development of BTS in your market?

Last year was incredibly difficult. Our customers had great plans, but the poor market conditions forced them to put them on ice. Naturally, I cannot say I am satisfied when our size is decreasing and we are generating negative profits. However, if you compare our development with that of our competitors in the United States, we have done pretty well.

Our long-term development is looking healthy, too. BTS has taken a leading position in the market, and we enjoy a very good reputation as regards executive training.

What were the most significant events during the year?

Market conditions have nose-dived in the wake of the terrorist attacks on 9/11 2001. This means that most companies are only investing in really critical training, i.e. the training they need to keep the business ticking over.

It has been easier to meet companies as they have less to do, but it is only rarely that they can make decisions – and the decisions they make have to be referred to a higher level for final approval. In short, the decision-making process is really drawn out.

Have you had any major successes as regards specific services and specific sectors?

As customers are very cost-conscious at present, our e-learning courses have become increasingly popular as they are particularly cost-effective.

A few years ago, we saw companies being hit by the decline in the telecom and hi-tech sectors. Therefore, we have consciously focused on sectors that are not as sensitive to market conditions – the insurance and pharmaceutical sectors, for example. However, it has taken time to build up networks in these sectors.

The growth of the retail sector and the automotive industry has exceeded expectations. This is principally due to the low interest rates and tax cuts.

What distinguishes your market from BTS's other markets?

The American market is particularly big and largely homogeneous. The business culture, language, etc. are almost identical no matter where you may be in the United States. This means that the potential market is enormous and easy to penetrate. The companies themselves are really big.

We primarily focus on companies with more than 10,000 employees, as commissions from such companies are often extensive and run for many years.

American companies are also much more hierarchical and centralised. This is both an advantage and a drawback. Usually, it means fewer contacts, which facilitates the working relationship. At the same time, it makes it more difficult to influence profitability directly in all parts of the company.

What will be the biggest challenges in 2003?

Unfortunately, I believe that the poor market conditions will continue and may even worsen due to the Iraq crisis. The biggest challenge will therefore be to adapt the organisation to the market and the development in demand.

We acquired a large number of new customers towards the end of 2002, and I expect that these companies will commission us for some major projects over the coming year.

PIA ANDERBERG, CEO OF BTS NORDIC



Are you satisfied with the development of BTS in your market?

Yes and no. We have worked hard to cut our costs while simultaneously concentrating intensively on sales. We acquired a large number of new customers during the past year, and many of them have impressive potential. Today, BTS Nordic operates with a better balance between costs and income. Of course, it is always possible to do more. It is never a good idea to rest on one's laurels.

We have made good progress in a number of sectors – particularly the pharmaceutical industry. We have initiated promising working relationships with Unicredito in Italy, Swisscom in Switzerland and Posten in Norway. I consider these working relationships to be important breakthroughs. BTS Finland, with new customers such as Nokia, Cloetta Fazer and Metso, has also developed positively over the past year.

What were the most significant events during the year?

The commissions for Astra, Sandvik and Elekta are large, classic BTS projects distinguished by high quality and good profits. We also successfully completed a project for Delaval, a project focused on the implementation of a new process. This is, in part, a new service that we developed during the past year.

Another example of a significant event is the commission we performed for Posten Norge. Along with Dinamo – our partner in Norway – we have developed a new concept in which we unite the importance of good leadership and unwavering focus on profitability. We have received high marks for this project. In general, our project work is currently distinguished by greater depth and more integration with our customers. They want to see tangible results, not just training courses.

Have you had any major successes as regards specific services and specific sectors?

I can see a high demand for training solutions that focus on concrete improvements in profits. We have also been awarded large commissions involving several stages for the same target group from customers such as Elekta and Vasakronan. It is very satisfying to see more and more customers showing increasing confidence in us.

We have made progress in a number of different branches but most of all within the pharmaceutical sector which is not as sensitive to market conditions as the IT sector, for example.

What distinguishes your market from BTS's other markets?

Our market is smaller in every respect. It contains fewer companies, which employ fewer people. Therefore, networking is really important. The poor market conditions have had a major effect and I think the situation will continue for the rest of this year.

What will be the biggest challenges in 2003?

We have to do everything we can to deal with the poor market conditions and the difficult climate. This means continuing with our tough cost control and concentrating on additional sales and expanding our customer base. One area in which we can become better and stronger is the financial sector.

We aim to maintain our strong position in Finland and develop our working relationship with Dinamo, our partner in Norway. In general, we will be working to develop both new and existing partnerships.

Another goal is to win Ericsson back as a key customer. We did less work for them over the past year than at any time since 1992. The potential is definitely there, as we have previously been one of their Preferred Partners."

JOHAN STRÖMSÄTER, CEO OF BTS UK



Are you satisfied with the development of BTS in your market?

We did well in 2002, so of course I am satisfied. We expanded by almost 80 per cent and improved our profit margin to 15 per cent.

We also established a strong platform for future growth through the acquisition of the Royal Mail as a new customer and by setting up a new company in Australia. We also have good conditions for growth through our existing customers.

What were the most significant events during the year?

A number of important events took place during the year. Setting up in Australia meant a good deal to us. During its first year of operations, the new company made an appreciable contribution to the increases in income and profits.

Another important event was the Royal Mail contract – a contract we won in competition with 60 other consultancy companies. This is sure to give us good opportunities for growth in the future. I would also like to mention the very successful project we completed for 500 senior executives at Barclays Bank. They say that it was the most successful management development programme they have ever run.

Finally, we have also developed two e-learning projects in collaboration with Akzo Nobel. These projects have been well received and will thus pave the way for future e-learning projects in this sector.

Have you had any major successes as regards specific services and specific sectors?

One of the reasons for our success is the fact that we focus on sectors that are not very sensitive to market conditions, e.g. public utilities and the trade and finance sectors.

In addition, we have targeted projects that were strategically important to the business development of our customers. This approach brought in large projects with numerous seminars which have a very positive effect on our profits.

What distinguishes your market from BTS's other markets?

Our customer base clearly reflects the fact that the business climate in Great Britain is very different to those in the United States and Sweden, for example. There is a very strong service sector, with fewer large technology and manufacturing companies.

Another difference is the will to invest in human capital. Historically, British companies have been less inclined than American and European companies to invest in employees. However, this situation is changing – which is good news for us.

What will be the biggest challenges in 2003?

Even though we are satisfied with the results for 2002, there are a number of challenges facing us. We must concentrate heavily on sales and on attracting new customers by building up efficient networks and partnerships. I can also see plenty of potential for increasing our licence income, which is currently at a low level.

However, our success is primarily attributable to our employees. It is always very important to attract, retain and develop skilled staff.

BUSINESS ACTIVITIES AND BUSINESS MODEL

BUSINESS ACTIVITIES

BTS is a consultancy and training company that develops and markets training solutions in the field of business acumen as well as associated services. The teaching method is based on tailor-made simulation models of the customers' business activities, known as business simulations. The training courses are primarily intended for executives and other key personnel, usually in large and leading international companies.

The skills and experience in the field of business acumen that BTS has built up over a period of more than 17 years have been continually integrated into systems and processes. New business simulations and training solutions have been developed in step with changes in customers' business operations.

Business simulations are principally carried out in seminars for 20–30 people, where participants follow an interactive form of competition to develop their understanding of the decisions and actions that affect the profitability and growth opportunities of their own companies. By using this method to develop the participants' ability to take business-related decisions, BTS supports its customers' change processes and measures intended to improve profits. BTS also provides solutions in the form of Web-based or manual business simulations, often intended for broader groups of the customers' employees.

As of 31 December 2002, BTS had supplied training solutions in 12 languages to customers in around 50 different countries. All in all, more than 200,000 people at more than 300 companies have completed BTS training courses.

BTS is often called upon in connection with specific situations that affect customers' business activities. These include:

- New business goals and strategies
- Change processes
- New goals and key figures
- Increasing the efficiency of processes
 - e.g. supply chains and product development
- Management development
- Acquisitions and mergers.

BUSINESS MODEL

- Physical establishment on new markets takes place once the volume of business is sufficiently large
- Long-term customer relations mean stable income over time
- High quality and satisfied customers mean more effective new sales
- Sector focus and rights to business simulations generate repeat business.

BTS generates growth through a combination of geographical expansion, continuous extension of the ranges of products and services, and heavy emphasis on long-term customer relations.

When expanding onto new markets, BTS primarily focuses on a limited number of large, market-leading companies. Only when a sufficient volume of business has been generated does the Company establish locally based subsidiaries.

The initial sales campaign is targeted towards the potential customer's managers and key employees. After the first commission has been received and completed, customers often request solutions for broader groups of employees within their organisations. By offering a combination of different solutions of varying complexity, supplied through different technologies and methods, BTS can, in time, build up a portfolio of different customer-specific training solutions. In this way, it is possible to build up and maintain a long-term partnership with the customer. BTS tailors content and business simulations for each customer, thus laying the foundations for shared intellectual capital and knowledge.

As BTS focuses on large, market-leading companies, the Company has, over the years, built up a very strong group of reference customers, which supports initiatives for new sales.

BTS' offers are based on knowledge of the customer's relevant sector and specific business activities. This, combined with the fact that BTS generally owns the rights to the business simulations it creates, allows a degree of repeatability in implementation, which, in turn, increases in line with the expansion of the customer base and the development of new training solutions. BTS' focus on selected sectors also results in continuously increasing reuse of sector-specific models and allows BTS to build up a strong competitive position within these sectors.

OVERRIDING GOALS AND STRATEGY

BTS' overriding goal is to be the leading supplier of business simulations on the markets where the Company is active. To achieve this goal, BTS works according to a strategy that consists of the following elements:

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

BTS believes that concentrating the Company's resources in the fields of training, business acumen and associated elements will make it easier for the Company to maintain and reinforce its position on the market.

In particular, BTS is to focus on assignments whose solutions are of appreciable value to the customer – in the anchoring and implementation of strategies, for example. The customer-specific business simulations support managers and key personnel in evaluating the practical consequences of a strategy and transforming it into operative measures.

Business simulations can also be adapted for broader groups of employees within the customer's organisation, thus constituting an important tool for generating understanding of the links between goals, strategy and operative measures. In BTS' experience, training assignments in parallel with strategy implementation are very valuable to the customer, as well as being profitable for BTS.

- *Training solutions based on business simulations*

All the training solutions that BTS develops are to be based on business simulations. This means that the solutions supplied must be distinguished by efficient pedagogy and high quality.

By offering business simulations based on different media – IT, Web-based and manual – BTS is to offer customer solutions that reach managers and employees in the most efficient manner for each target group.

BTS is to endeavour to own the rights to all the business simulations it develops for different customers, as this increases the profitability of the separate customer projects in step with the rise in the number of people who use the different business simulations. In addition, this approach allows BTS to maintain the right to recycle both general knowledge and specific parts of the programming code when developing new customer-specific business simulations.



■ *Focus on large, leading customers within selected sectors*

BTS is to focus on customers within certain selected sectors, primarily the manufacturing industry, distribution, IT, telecom, pharmaceuticals and biotechnology, and banking and insurance. By commanding sector-specific training solutions, BTS increases its knowledge of the different sectors thus strengthening its competitive advantages.

BTS is to strive to win large, market-leading international companies as customers – partly because such companies have appreciable additional sales potential, and partly because they make high demands. These high demands strengthen BTS' opportunity to maintain both a leading position in the field of simulation methodology and high industrial competence.

■ *Network-based marketing and long-term customer relations*

As good customer references are of crucial importance to the sale of BTS' services, relations with existing customers are central to continued growth. BTS is to concentrate on high quality to satisfy customers' requirements so as to establish long-term customer relations and to ensure repeat income over time. BTS is also to achieve new sales based on references from existing customers.

■ *Continuous expansion of the ranges of products and services offered*

BTS business simulations are to be based on the programming environments available on the market, such as Excel, Visual Basic and Flash so as to concentrate the Company's product development resources on applications specific to BTS.

BTS is continuously to develop new training solutions that cover new areas of knowledge and various kinds of business simulations. Training solutions are to be developed in close collaboration with customers so as to generate in-depth understanding of the customer's organisation and sphere of activity, and to assure coverage of the costs for a part of the development work.

BTS is continuously to evaluate and apply new technology to assure development and deliveries of the highest possible quality and with the shortest possible lead times.

■ *Organic growth combined with acquisitions*

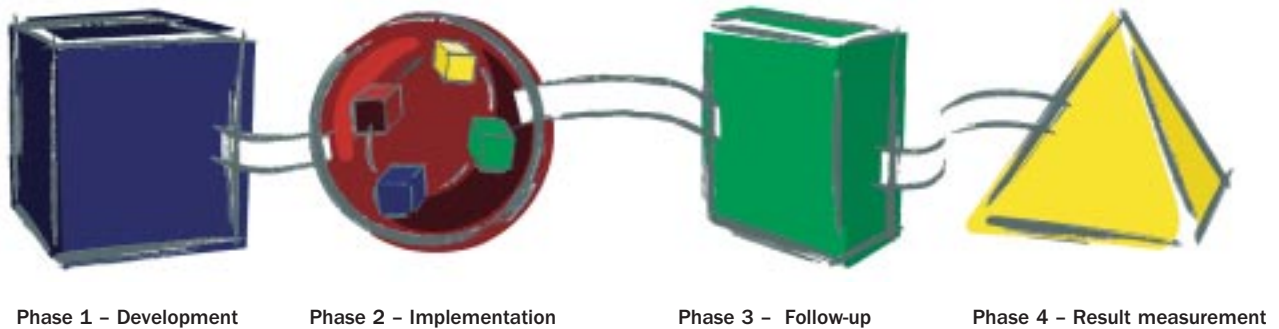
BTS' growth is to be primarily organic, although it can also take place through complementary acquisitions.

BTS' policy on acquisitions principally targets companies that are smaller than BTS and which complement BTS as regards geographical presence, new areas of competence in the field of business acumen, or industrial competence in sectors currently outside BTS' area of activity.

■ *Highly attractive to employees*

The solutions and concepts applied by BTS are well documented, which reduces reliance on individual employees. However, BTS' future development is largely dependent on the Company's ability to recruit, retain and motivate skilled employees. BTS is to be an attractive company to work for, with a finely honed ability to attract, recruit, motivate and retain employees who return excellent performance. This is to be achieved through an efficient reward system, a positive corporate climate and continuous access to opportunities for professional development.

HOW DOES BTS OPERATE?



The key to BTS' quality is our consultants' in-depth skills and experience combined with BTS' structure capital in the field of business simulations. BTS' training solutions comprise four phases: *development, implementation, follow-up* and *result measurement*. These four phases are used in different ways depending on how the training is to be implemented. Each individual training programme is based on the customer's specific business situation, key questions and training requirements. BTS subsequently designs a training solution that will allow the customer to achieve two goals: **short-term improvements in profits** and **long-term improvements in business capacity**. BTS training courses are based on the following types of business simulations:

- **Computer-based simulations** – primarily implemented in the form of teacher-led seminars for 20–30 participants at executive level, and based on a simulation program installed on local computers.
- **Manual business solutions** – carried out using printed materials, most often with the customer's own instructors.
- **Web-based business simulations** – carried out with or without the participation of BTS, as the entire business simulation is run via the Internet or through the customer's own internal network.

Computer-based solutions are the preferred type of simulation used by BTS, but other simulation types are increasing as a share of the total number of customer commissions.

Phase 1 – Development

Development is initiated by the customer and BTS jointly formulating the goals and purpose of the training. To ensure elevated knowledge and understanding of the customer's activities and organisation, a number of in-depth interviews are carried out with managers and other key employees.

The business simulation, which will subsequently be used during the teacher-led seminars or run via the customer's intranet, is then tailored to match the customer's organisation. During this phase, which normally takes 1–4 months, BTS also develops action plans for result measurement and follow-up.

Phase 2 – Implementation

After the development process, a series of 1–3 day seminars are held. These seminars usually comprise various elements consisting of business simulations, theory sessions and feedback. The illustration below shows an example of an agenda for a course of computer-based BTS seminars.

DAY 1	DAY 2	DAY 3
Introduction	Financial connections and company management	Challenges, strategy and direction of own company
Simulation yr 1		
Routes to increased profitability	Feedback yr 2	Feedback yr 4
	Simulation yr 3	Application <ul style="list-style-type: none"> • Learning • Measures • Commitments (group/individual)
Market orientation and productivity		
Feedback yr 1	Feedback yr 3	Final feedback session & summary
Simulation yr 2	Simulation yr 4	

Example of an agenda for BTS seminars

Web-based simulations are carried out via the Internet or the customer's own internal network. The implementation phase usually takes a number of months or even years. It is quite usual for all the senior executives and other key personnel at the company to take part, and courses are sometimes run for the entire workforce.

Business simulation. The purpose of each individual business simulation is to help participants to develop their decision-making skills and to clarify the consequences of various decisions. BTS' business simulations also function as analysis instruments focused on sensitivity analyses and scenarios centred around profitability or change processes.

Feedback. During the feedback phase, the instructors of the different groups explain how the group's decisions have affected the development of their fictive companies in the simulation as regards profits and position vis-à-vis the other groups. The feedback stage is carried out in groups and via individual guidance during the seminar itself.

Know-how sessions. BTS carries out – on its own or with the assistance of external lecturers – what are called “know-how sessions” in the form of presentations and discussions about subjects tailored to the customer's needs. The aim of the know-how sessions is to prepare participants for the subsequent phase of the business simulation and to apply knowledge to their own company.

Phase 3 – Follow-up

BTS runs follow-up procedures in collaboration with the customer to consolidate what the participants have learned, and to make sure that this knowledge is applied in their day-to-day work. Following completion of the training programme, the participants' task is to apply their new knowledge and implement measures within their own organisation. An important aspect is for the participants to communicate the measures adopted to executives and other employees in the organisation. With support from BTS, the customer can follow up on the changes via status reports and follow-up meetings.

Phase 4 – Result measurement

After 3–12 months, the results of the programme are measured in terms of retained knowledge, new methods of taking decisions and working, and direct improvements in profits. Usually, these measurements show that 50–90 per cent of participants have retained knowledge which they use in their everyday work. The direct improvements in profits often amount to sums equivalent to several times the company's initial investment.

BTS BUSINESS SIMULATIONS

BTS business simulations include company simulations, scenario-driven business simulations and decision-making tools.

Company simulations

When working with company simulations, participants deal with business-related questions and contexts within a fictive company and business environment. This helps participants to develop their skills within specific areas linked to their own company. During the simulation stage, participants are to act as the company management. Company simulations typically contain 30–100 different parameters that influence the final result.

Business simulations are carried out interactively in the form of a competition. Four or five teams – each representing a fictive but realistic company – compete with each other. This helps to highlight the dynamism of the market and ensures that the business simulations are perceived as realistic. The difficulty level of the business simulation and the number of parameters on which decisions must be taken are decided by BTS in collaboration with the customer, taking into account the background and competency level of the target group. Business simulations include one or more of the following:

Shareholder value

Intended to increase understanding of and improve shareholder value.

Branding excellence

Used to improve marketing and brand building.

Business acumen

Intended to reinforce the business understanding of the participants, with emphasis on profitability, market-orientation and holistic perception of the company.

eBusiness advantage

Changing a company by implementing eBusiness in all processes.

Implementation of Balanced Scorecard

Implementation of a method that highlights the value-driving factors of a company.

Implementation of strategy

Used for anchoring and implementing a new strategy.

Competition in deregulated markets

Preparation of an organisation for a new competition situation in deregulated markets.

Scenario-driven business simulations

A scenario-driven business simulation is based on a single scenario in a fictive business environment. For example, the scenario can cover a specific business situation, a part of the business, or a process within the customer’s organisation. Participants are trained to work actively with decisions and the consequences of these decisions in the fictive business environment before they start to take real decisions within the customer’s actual business environment. In the scenario-driven business simulations, participants play different roles within an organisation. Scenario-driven business simulations include one or more of the following:

Customer focus Implementation of action plans intended to improve customer satisfaction.
Operational excellence Used to increase efficiency within the organisation.
Project management Project management for successful and profitable projects.
Supply chain management Implementation of new supply forms and processes, with the emphasis on the entire value chain in the company.
Time to Customer Shortening lead times between order and payment.
Time to Market Shortening the product development process and increasing the profitability of the product portfolio.
Leadership programme Shows how different types of leadership affect financial results in the company.

Decision-making tools

Decision making tools form a type of business simulation based on the customer’s actual accounts. This approach is intended to present a detailed and very real simulation of the customer’s organisation and business environment. Decision-making tools can be seen as a budgeting tool, where participants simulate a budget and work with measures intended to improve profits. Together with the customer, BTS defines the parameters that can be changed and simulated. Participants can continue to work with the tools after the seminar. Decision-making tools include one or more of the following:

Customer focus Implementation of action plans intended to improve customer satisfaction.
Project and customer financing Understanding of working with complex financing solutions for major international projects.
Improving profits Development of action plans intended to improve profitability.

PRODUCT DEVELOPMENT

The skills and experience in the field of business acumen that BTS has built up over a period of more than 17 years have been continually integrated into systems and processes. New business simulations and training solutions have been developed in step with changes in customers' sectors and operations. BTS has therefore succeeded in packaging, reusing and further developing the Company's competence and has thus generated very valuable structure capital over the years.

Continuous product development is one of the most important factors for BTS' ability to retain and reinforce its market-leading position. It has to do not only with refining and developing existing solutions, but also with developing new solutions based on the latest trends in pedagogy, methodology and IT development.

BTS product development is carried out both in-house and externally. External product development covers the generation of new training solutions, while in-house product development primarily refers to the Company's development platform and methodology, which form the foundations for the production of new training programmes.

EXTERNAL PRODUCT DEVELOPMENT

External product development is intended to increase the breadth of the Company's range by adding new solutions in the field of business acumen which can be offered to the existing customer base.

External product development is also directed towards solutions for new media – primarily Web-based business simulations – and updating and refining existing ranges of solutions.

BTS strives to run external product development in close collaboration with customers. This allows BTS rapidly to identify new needs at the customers. In addition, it means that the development work is part-financed by the customers.

IN-HOUSE PRODUCT DEVELOPMENT

In-house product development is intended to increase the efficiency and improve the quality of processes in order to tailor the simulations to suit each individual customer. BTS' intention is to use the technology available on the market and to concentrate product development initiatives on applications specific to BTS. The focus of these initiatives includes:

- BTS Mini Master, a common development environment for all computer-based simulations which, through a higher degree of recycling, results in shorter development times and fewer errors
- The document platform, which makes it possible to search in and reuse documents generated previously
- The platform for Web-based simulations.



EMPLOYEES

BTS is a knowledge-intensive company, which means that recruiting and internal skills development are crucial to future development. BTS seeks to attract highly skilled employees by offering an attractive working environment, which, according to the Company, comprises a combination of personal development, stimulating assignments and competitive remuneration.

At 31 December 2002, the company employed 102 people (119). The average number of employees during the year was 110 (125).

Since 1993, in order to manage historical and future growth – especially with regard to staff turnover – BTS has been developing a process for the effective recruitment of the right employees and the development of their individual skills and competencies.

RECRUITING

To guarantee successful and efficient recruiting, the Company uses a combination of advertising, recruiting via the Internet, head-hunters and employee recommendations. Clearly defined recruiting phases are used to ensure that jobs are offered to the right people.

PERSONAL AND SKILLS DEVELOPMENT

New employees are introduced to the Company via a special induction programme and are given comprehensive support and training during the first projects. The aim is to give new employees partial responsibility for customer projects with the shortest possible lead time and the highest possible quality. All new employees are also allocated a mentor figure from among the more senior members of staff. The mentor programme also includes more experienced employees.

Ongoing skills development programmes are run for all employees with a view to safeguarding employee quality and competence and to ensure the application of efficient work methods.

Training in seminar competence, project management, project development, new and additional sales, and financial modelling and programming is principally carried out through internal training programmes. However, external training courses are also used where necessary.

Development interviews are carried out twice a year – one principal interview and one follow-up interview. The principal interview involves a preliminary evaluation of the employee's input. Here, employees evaluate each other, thus providing the basis for the development interview and supporting employee development.

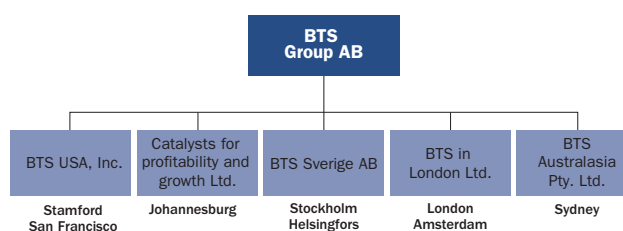
Evaluation of the Group, company and team management is carried out regularly with a view to laying foundations for increasing management efficiency.



ORGANISATION

LEGAL STRUCTURE

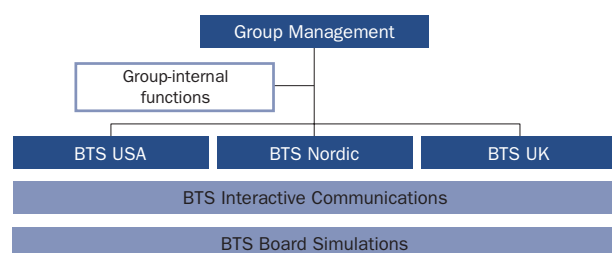
BTS' legal structure consists of the parent company and four wholly owned operating subsidiaries – one each in Great Britain, Sweden, South Africa and the United States – and a partially owned (90.1%) operating subsidiary in Australia. In addition, there are two dormant subsidiaries – Business Training Systems A/S in Norway and BTS Interactive Communications AB in Sweden.



OPERATIVE STRUCTURE

BTS' operations are run through three operational and two product-specific units.

Group-internal departments cover Group finances, IR as well as certain IT, process and personnel issues:



BTS has the following operational units:

- **BTS USA** runs operations in the United States and South Africa and has offices in Stamford (Connecticut, USA), San Francisco (California, USA) and Johannesburg (South Africa).
- **BTS Nordic** operates in Sweden and Finland, and has offices in Stockholm (Sweden) and Helsinki (Finland).
- **BTS UK** operates in Great Britain, the Netherlands and Australia and has offices in London (Great Britain), Amsterdam (the Netherlands) and Sydney (Australia).

The heads of the three operational units have direct profit responsibility for their respective markets, and report directly to the Group CEO.

Apart from the operational units, which also have responsibility for the development of computer-based simulations, BTS has two product-specific units:

- **BTS Interactive Communications** is responsible for Web-based business simulations.
- **BTS Board Simulations** is responsible for manual business simulations.

BTS Interactive Communications and BTS Board Simulations develop concepts, produce solutions and provide active sales support to the customer organisations of the three operational units.

HISTORY

BTS was founded in Stockholm in 1985 by Henrik Ekelund (the current CEO), Stefan Hellberg and Stefan af Petersens – who are all still actively involved in the Company today. The first few years were primarily devoted to developing fundamental technology and solutions in the field of simulations, building up a base of strong reference customers and creating an organisation.

In 1990, a strategy for the continued development of BTS was drawn up. The strategy was based on the conviction that BTS' solutions were 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 were expansion into new geographical markets and the development of additional solutions. The planned geographical expansion was to take place by initially establishing contact with a major customer in a new market, and then opening a subsidiary once a sufficient flow of income had been built up.

INTERNATIONALISATION

The internationalisation of BTS began in 1992 when the company received three strategically important commissions from Kodak in the United States and Nuclear Electric in Great Britain. These commissions led to BTS establishing subsidiaries on the markets in question. That same year, BTS also received a commission from Ericsson Telecom, as the company was known at that time. Over the next few years, the working relationship was developed to include other companies from within the Ericsson Group. The business relationship with Ericsson has made an appreciable contribution to BTS' growth and to the development of new training solutions.

In 1997, BTS received a significant commission from the South African company Telkom S.A. This commission soon expanded, and a few years later the Company opened a subsidiary in Johannesburg. Towards the end of the 1990s, demand increased in Finland and BTS therefore opened an office in Helsinki. BTS also established a second office in the United States, in San Francisco.

During the same period, BTS also opened representative offices in Germany (Düsseldorf) and the Netherlands (Amsterdam).

PRODUCT AND TECHNOLOGY DEVELOPMENT

Since its foundation, BTS has primarily developed its business simulations in Excel-like environments. The Web-based simulations are, however, built in SQL, HTML, Director and Flash. Product development has primarily involved improving the quality and efficiency of the existing solutions, developing simulations for new knowledge areas and improving solution development processes.

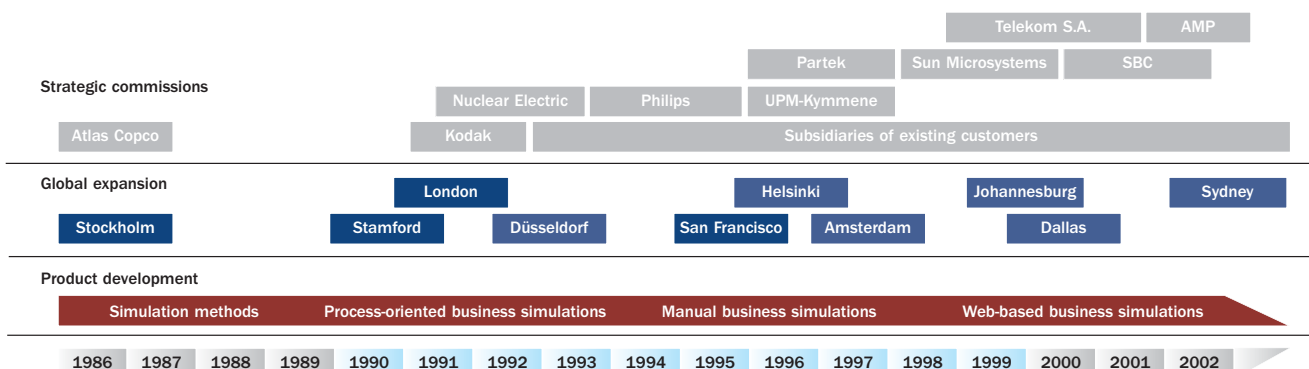
Until 1990, the business simulations were principally used for pure training. However, at the start of the 1990s, BTS decided that the training solutions should be focused on supporting change processes and measures aimed at improving profitability within customer organisations. At the same time, focus was increased on result measurement and follow-up.

In 1993, BTS and Ericsson developed the first business simulations that illustrated processes and value chains within customer organisations. A number of versions of BTS process simulations have since been developed to support the implementation of TTC (Time To Customer) as well as TTM (Time To Market) and product development management.

In the middle of the 1990s, BTS worked with a number of customers to develop a new concept called Customer Advantage. This concept was intended to reinforce a company's understanding of and focus on its customers.

In 1997, BTS developed and launched its first manual business simulations, which were based on printed material. This allowed BTS to target all sections of the customer's organisation.

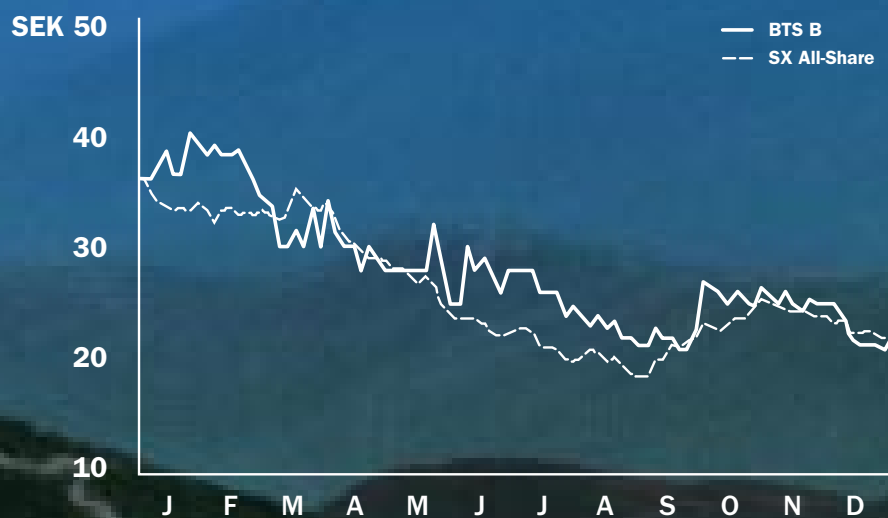
Towards the end of the 1990s, BTS started to develop business simulations that use a Web-based interface. At the start of the 2000s, BTS has taken a number of steps to create the leading platform on the market for business solutions and training programmes run via the Internet and customers' own intranets.



SHARE DATA

Share price 31/1 2002	SEK 22.20
Earnings per share, 2002	SEK 1.09
Liquid funds per share, 31/12 2002	SEK 13.39
Shareholders' equity per share, 31/12 2002	SEK 17.66

BTS share price development, 2002



THE BTS SHARE, SHARE CAPITAL AND OWNERS

THE BTS SHARE

On 6 June 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. At the end of the first closing day, the share price was SEK 59. At the end of 2002, the share price was SEK 22.

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. In 2002, a new issue of 69,300 B-shares was completed. 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 30 December 2002, there were 510 shareholders in the Company.

SHARE CAPITAL

Year	Transaction	Increase in share capital, SEK	Share capital, SEK	Change in number of		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 stock issue ¹	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	4:1 split		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 stock issue	1,500,000	5,828,000		1,500,000	5,828,000	1.00
2002	New stock issue	69,300	5,897,300		69,300	5,897,300	1.00

1 Directed new stock issue for Jonas Åkerman and Johan Strömsäter.

OWNERSHIP STRUCTURE

The ownership structure of BTS at 30 December 2002 is presented in the table below.

Owner	Number of shares			Number of votes	Share of	
	A	B	Total		capital	votes
Henrik Ekelund	284,600	1,463,417	1,748,017	4,309,417	29.6%	51.0%
Stefan Hellberg		1,168,261	1,168,261	1,168,261	19.8%	13.8%
Stefan af Petersens		1,057,398	1,057,398	1,057,398	17.9%	12.5%
Academedi		515,000	515,000	515,000	8.7%	6.1%
Jonas Åkerman		280,000	280,000	280,000	4.8%	3.3%
Henderson Global Investors		200,000	200,000	200,000	3.4%	2.4%
Lannebo Fonder		153,103	153,103	153,103	2.6%	1.8%
Länsförsäkringar Småbolagsfonden		103,300	103,300	103,300	1.8%	1.2%
Ringvägen Venture AB		93,300	93,300	93,300	1.6%	1.1%
Johan Strömsäter		84,324	84,324	84,324	1.4%	1.0%
Folksam		60,000	60,000	60,000	1.0%	0.7%
D.Carnegie & Co		50,200	50,200	50,200	0.9%	0.6%
Pia Anderberg		50,000	50,000	50,000	0.8%	0.6%
Other		330,997	330,997	330,997	5.7%	3.9%
Total	284,600	5,612,700	5,897,300	8,458,700	100.0%	100.0%

WARRANT PROGRAMME

BTS GROUP AB has three ongoing warrant programmes which have been established for employees in subsidiaries. Each warrant programme is divided into two series, each containing the same number of warrants. Each warrant entitles the holder to subscribe for four new B-shares. In 1999 and 2000, promissory notes were issued linked to 78,650, 36,775 and 53,200 separable warrants for subscriptions for new shares at the following prices: SEK 31.30, SEK 40.00 and SEK 75.00 per share. In 2002, 17,325 options were exercised to subscribe for 69,300 B-shares. Full utilisation of the remaining warrants would result in a total increase in share capital of 517,200 shares. The table below illustrates the subscription periods for the different programmes.

Warrants

Warrant series	Number	Redemption price	Subscription period
1999/2003	39,325	31.30	2003-01-01 – 2003-03-31
2000/2003	18,388	40.00	2003-01-01 – 2003-03-31
2000/2004	18,387	40.00	2004-01-01 – 2004-03-31
2000/2004:2	26,600	75.00	2004-01-01 – 2004-03-31
2000/2005	26,600	75.00	2005-01-01 – 2005-03-31

FIVE-YEAR SUMMARY AND OTHER FINANCIAL INFORMATION

The Group was restructured in February 1999, and as a result, the official accounts provide a true and fair view of BTS' profits for the period 2000–2002 and of the balance sheet totals at 31

December 1999, 2000, 2001 and 2002. Pro forma income statements and key figures for 1998–99 are presented as if the restructuring had been implemented before 1998.

INCOME STATEMENT

Income statement for the Group, summary

SEK million	2002	2001	2000	1999*	1998 *
Net turnover	172.2	196.9	177.3	140.8	114.0
Operating costs	-162.0	-182.3	-163.0	-129.0	-107.0
Depreciation on tangible and intangible fixed assets	-1.7	-2.0	-2.0	-2.1	-1.9
Operating result	8.5	12.6	12.3	9.7	5.1

*Pro forma

BALANCE SHEET

Balance sheet for the Group, summary

SEK million	31 December Result			
	2002	2001	2000	1999
Fixed assets	5.0	7.0	7.0	5.7
Trade accounts receivable	31.4	38.8	46.0	32.2
Other current assets	13.7	15.3	4.5	7.0
Cash and bank deposits	79.0	68.3	24.0	5.9
Total assets	129.1	129.4	81.5	50.8
Shareholders' equity	104.1	103.6	16.2	7.7
Minority interests	0.1	-	-	-
Provisions for deferred tax	0.2	-	0.8	0.5
Interest-bearing liabilities	0.1	0.2	29.3	0.5
Non-interest-bearing loans	-	-	-	15.3
Other non-interest-bearing liabilities	24.6	25.6	35.2	26.8
Total shareholders' equity and liabilities	129.1	129.4	81.5	50.8

CASH FLOW

The current Group structure was established in 1999.

For this reason, cash flow is only shown as at 31 December 2000, 2001 and 2002.

Group cash flow

SEK million	2002	2001	2000
Cash flow from current operations	15.4	-1.1	5.1
Cash flow from investment operations	-1.0	-1.1	-3.1
Cash flow from financing operations	-0.9	47.5	16.2
Translation differences in liquid funds	-2.8	-1.0	-0.1
Cash flow for the year	10.7	44.3	18.1
Liquid funds, opening balance	68.3	24.0	5.9
Liquid funds, closing balance	79.0	68.3	24.0

FINANCIAL KEY FIGURES FOR THE GROUP

SEK million	2002	2001	2000	1999	1998
Net turnover	172.2	196.9	177.3	140.8	114.0
Operating result	8.5	12.6	12.3	9.7	5.1
Operating margin, %	4.9	6.4	6.9	6.9	4.5
Profit margin, %	3.7	5.0	4.3	-	-
Return on equity	6.2	16.5	64.7	-	-
Return on operating capital, %	27.8	44.4	62.9	60.4	33.3
Operating capital	25.3	35.5	21.5	17.5	14.7
Shareholders' equity	104.1	103.6	16.2	7.7	-
Solidity, %	80.7	80.1	19.8	15.1	-
Cash flow	10.7	44.3	18.1	-	-
Liquid funds	79.0	68.3	24.0	5.9	-
Number of employees at the end of the year	102	119	126	106	95
Average number of employees	110	125	114	102	90
Annual revenue per employee	1.6	1.6	1.6	1.4	1.3

KEY FIGURE DEFINITIONS

Operating margin

Operating profit after depreciation as a percentage of net turnover.

Profit margin

Net profit for the year as a percentage of net turnover.

Return on operating capital

Operating profit as a percentage of average operating capital.

Return on equity

Profits after tax, converted to full year and expressed as a percentage of average shareholders' equity.

Operating capital

Balance sheet total less liquid funds and other interest-bearing assets as well as non-interest-bearing liabilities.

Solidity

Shareholders' equity as a percentage of balance sheet total.

Net revenue per employee

Revenue for the year divided by the average number of employees.

STATEMENT FROM THE MANAGEMENT

STATEMENT FROM THE MANAGEMENT

The Board of Directors and the Managing Director of BTS Group AB (publ), company number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the 2002 financial year. All amounts are stated in SEK thousand unless otherwise indicated.

BUSINESS ACTIVITIES

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

SIGNIFICANT EVENTS DURING 2002 AND AFTER THE CLOSE OF THE FINANCIAL YEAR

- An appreciably larger customer base and strategic positions in new sectors – pharmaceuticals, finance and the retail industry
- Stronger own and partner-based sales organisation
- Income from Web-based simulations grew by 47 per cent
- BTS has started operations in Australia through the acquisition of a small company
- BTS UK – including the Australian subsidiary – grew by 78 per cent.

TURNOVER AND RESULT

BTS' net turnover for the year fell by 13 per cent to MSEK 172.2 (196.9). Adjusted for exchange rate differences, turnover fell by 9 per cent. Turnover fell in the United States and the Nordic region, although Great Britain – including Australia – showed continued growth.

The Group result before tax for the year totalled MSEK 10.1 (11.2). The operating margin for the year was 4.9 per cent (6.4). Operating costs for the year fell by 11 per cent compared to 2001.

The first quarter of 2002 was distinguished by very poor market conditions resulting from restrictions on corporate travel in the wake of the events of 11 September 2001. The market recovered slightly during the second quarter, but general uncertainty about financial conditions put a damper on the corporate will to

invest in major training initiatives. In BTS' opinion, the market for corporate training developed negatively in 2002, just as it did in 2001. The most significant sectors as regards income for BTS – i.e. IT and the manufacturing industry – accounted for 86 per cent of BTS' income in 2000. Demand for training services from these sectors has been lower than that of the market in general in 2001 and 2002. Despite its position in these weaker segments, BTS has achieved better development of both income and profits than most of its competitors and other training companies.

BTS's income and results before tax for 2002 are around the same level as the company achieved in 2000. The main reasons for this are the large number of new customers, increased market share with existing customers and improved cost-efficiency. Success in the market has been achieved by targeting new sectors that are less sensitive to changes in market conditions, expanding and increasing the efficiency of the sales organisation, working with new and established partnerships, and operating a range of products adapted to suit current market conditions. The cost-efficiency work has been centred on reducing lead times on projects, cutting overheads and costs and increasing the degree of recycling of simulation programmes and training documentation.

BTS USA's net turnover for the year totalled MSEK 92.6 (127.5). The operating margin was -1 per cent (10). After adjustments for exchange rate differences, turnover actually fell by 23 per cent. The general level of demand in the United States has been lower in 2002 than it was in 2001. BTS USA's income fell by 16 per cent during the first six months of the year and by 31 per cent during the second six months. The weak development during the second half of the year in particular was primarily due to the fact that a number of key customers postponed projects as a result of corporate mergers and budget cuts.

BTS Nordic's net turnover for the year totalled MSEK 45.1 (50.0), with an operating margin of 8 per cent (-4). The improvement in the result is primarily attributable to the fact that the company acquired a large number of new customers during the year. It is also due to the productivity improvements and cost-efficiency measures introduced at the end of 2001. Compared to figures for 2001, the company's costs have fallen by 20 per cent during the year. In 2002, BTS Nordic also succeeded in strengthening its position in the pharmaceutical and biotechnology sector.

Turnover for BTS UK improved in 2002 to MSEK 34.5 (19.4), of which turnover from BTS Australia accounted for MSEK 9.1 (0). The operating margin was 16 per cent (7). The sales initiatives aimed at new sectors and introduced in 2001 resulted in the acquisition of a number of new customers.

The establishment of BTS Australia, the focus on improving productivity and the commission from the Royal Mail all contributed to the positive development during the year.

FINANCIAL POSITION

At the end of the year, liquid funds totalled MSEK 79.0 (68.2).

Interest-bearing liabilities amounted to MSEK 0.1 (0.2).

At the end of 2002, shareholders' equity totalled MSEK 104.1 (103.6) and solidity was 81 per cent (80). BTS' cash flow from current operations was MSEK 15.4 in 2002 compared to MSEK -1.1 in 2001. This is primarily attributable to appreciable improvements in cash flow from changes in working capital.

PROSPECTS FOR 2003

The development of the financial situation in our primary markets is difficult to predict as it is still distinguished by great uncertainty. Nevertheless, it is believed that profits will improve on the previous year.

THE 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 net turnover of the Company totalled MSEK 1.5 (0.7), with a result after financial items of MSEK 1.2 (0.2). Liquid funds totalled MSEK 49.1 (45.4).

THE WORK OF THE BOARD OF DIRECTORS

In accordance with the articles of association, the Board of Directors shall consist of no fewer than three and no more than eight members, with no more than five deputies. The Board of Directors currently consists of four members, as Gunnar Ekdahl resigned his position during the year for health reasons. The Board works according to an established agenda, with instructions

concerning the division of tasks between the Board and the managing director. In 2002, the Board of BTS held six ordinary meetings. In accordance with the company articles, the Board must hold at least four ordinary meetings every calendar year. At each of these meetings, the Board deals with issues of appreciable importance to the Company. In addition, the Board is informed about the current business conditions on the Group's sub-markets. 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 November. The BTS Group Board contains no special committees or sub-groups – all issues are dealt with by the Board as a whole.

PROPOSED APPROPRIATION OF PROFITS

The Group

The Group's unrestricted shareholders' equity amounts to SEK 23,092,047. No proposals have been made concerning allocations to restricted shareholders' equity in the Group's respective companies.

The Parent Company

The Board proposes that the current disposable profits:

profit brought forward	5,060,403
profit for the year	746,450
total	5,806,853

be distributed as follows:

dividend to shareholders	2,948,650
to be carried forward	2,858,203
total	5,806,853

As regards the other business of the Group and the Parent Company, please refer to the following income statement, balance sheets, cash flow analyses and the associated notes.

MULTIPLE YEAR OVERVIEW

Development over the past five financial years is presented below. The Group's activities were restructured in February 1999 and the figures for 1998–1999 are thus pro forma.

	2002	2001	2000	1999	1998
Net turnover	172,230	196,887	177,326	140,848	114,051
Operating costs	-161,997	-182,261	-163,031	-129,021	-107,084
Depreciation	-1,770	-1,982	-2,026	-2,126	-1,876
Operating result	8,463	12,644	12,269	9,701	5,091
Operating margin, %	4.9	6.4	6.9	6.9	4.5
Number of employees at the end of the year	102	119	126	106	95
Average number of employees	110	125	114	102	90
Net turnover per employee	1,566	1,575	1,555	1,381	1,267



FINANCIAL STATEMENTS

INCOME STATEMENTS

KSEK	Note	The Group		The Parent Company	
		2002	2001	2002	2001
Net turnover	1, 2	172,230	196,887	1,521	722
<i>Operating costs</i>					
Other external costs	2, 3, 4	-61,059	-66,878	-1,671	-395
Personnel costs	5	-100,938	-115,383	-299	-219
Depreciation of tangible and intangible fixed assets	6, 7	-1,770	-1,982	-	-
<i>Total operating costs</i>		-163,767	-184,243	-1,970	-614
Operating result		8,463	12,644	-449	108
<i>Financial items</i>					
Profit from other securities and receivables considered to be fixed assets	8	-	-1,613	-	-413
Other interest income and similar profit and loss items		1,943	1,234	1,641	1,098
Other interest costs and similar profit and loss items		-310	-1,114	-	-620
<i>Total result from financial items</i>		1,633	-1,493	1,641	65
Result after financial items		10,096	11,151	1,192	173
Tax on result for the year	9	-3,517	-1,213	-446	2,256
Minority share of result for the year		-166	-	-	-
Result for the year		6,413	9,938	746	2,429
EARNINGS PER SHARE					
Earnings per share before dilution, SEK		1.09	1.92	-	-
Number of shares at year end		5,897,300	5,828,000	-	-
Average number of shares before dilution		5,879,975	5,182,167	-	-
Earnings per share, fully diluted basis, SEK		1.09	1.87	-	-
Average number of shares, fully diluted basis		5,879,975	5,318,530	-	-

BALANCE SHEETS

KSEK	Note	The Group		The Parent Company	
		2002	2001	2002	2001
ASSETS					
Fixed assets					
<i>Intangible fixed assets</i>					
Goodwill	6	365	729	–	–
<i>Tangible fixed assets</i>					
Stocks	7	3,030	3,861	–	–
<i>Financial fixed assets</i>					
Participations in Group companies	10	–	–	35,550	35,316
Other long-term holdings of securities	11	1	1	1	1
Deferred tax receivable	12	406	996	–	996
Other long-term receivables		1,222	1,493	–	–
Total fixed assets		5,024	7,080	35,551	36,313
Current assets					
<i>Short-term receivables</i>					
Trade accounts receivable		31,399	38,768	–	–
Receivables from Group companies		–	–	7,331	7,993
Other receivables		2,059	2,628	52	872
Prepaid expenses and accrued income	13	11,639	12,644	105	–
<i>Total current receivables</i>		45,097	54,040	7,488	8,865
Cash and bank deposits		78,992	68,249	49,095	45,363
Total current assets		124,089	122,289	56,583	54,228
TOTAL ASSETS		129,113	129,369	92,134	90,541

BALANCE SHEETS, *continued*

KSEK	Note	The Group		The Parent Company	
		2002	2001	2002	2001
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	14				
<i>Restricted shareholders' equity</i>					
Share capital (5,897,300 shares, nominal value SEK 1/ 5,828,000 shares, nominal value SEK 1)		5,897	5,828	5,897	5,828
Premium reserve		–	–	79,547	77,474
Restricted reserves		75,156	77,772	–	–
Legal reserve		–	–	569	569
<i>Total restricted equity</i>		81,053	83,600	86,013	83,871
<i>Unrestricted equity</i>					
Profit brought forward		16,679	10,041	5,060	4,033
Result for the year		6,413	9,938	746	2,429
<i>Total non-restricted equity</i>		23,092	19,979	5,806	6,462
Total shareholders' equity		104,145	103,579	91,819	90,333
Provisions					
Provisions for deferred tax		150	–	–	–
Minority interests		134	–	–	–
Long-term liabilities					
Other liabilities	15	58	187	–	–
Short-term liabilities					
Accounts payable		5,773	5,683	216	57
Tax payable		1,709	–	21	–
Other short-term liabilities		5,489	5,086	–	–
Accrued expenses and prepaid income	16	11,655	14,834	78	151
Total short-term liabilities		24,626	25,603	315	208
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		129,113	129,369	92,134	90,541
Pledged assets	17	10,000	10,000	none	none
Contingent liabilities	18	none	none	4,964	6,000

CASH FLOW ANALYSES

KSEK	The Group		The Parent Company	
	2002	2001	2002	2001
Current operations				
Operating result	8,463	12,644	-449	108
<i>Adjustment for items not included in cash flow, etc.</i>				
Depreciation and write-downs	1,770	3,595	-	1,613
Other items	228	276	-	-
Net financial items	1,633	-1,494	1,641	-1,135
Actual tax for the year	-2,777	-3,009	-38	-
<i>Cash flow from current operations before changes in working capital</i>	9,317	12,012	1,154	586
<i>Cash flow from changes in working capital</i>				
Change in trade debtors	2,234	7,212	-	-
Change in other operating receivables	-126	-10,706	1,377	-2,784
Change in trade creditors and other operating liabilities	3,998	-9,668	108	72
<i>Cash flow from changes in working capital</i>	6,106	-13,162	1,485	-2,712
Cash flow from current operations	15,423	-1,150	2,639	-2,126
Investment activities				
Acquisition of shares and participating interests	-	-	-234	-
Supplied shareholders' contribution	-	-	-	-26,245
Acquisition of tangible fixed assets	-967	-1,101	-	-
Cash flow from investment operations	-967	-1,101	-234	-26,245
Financing Operations				
New stock issue	2,141	78,055	2,141	78,055
Group contributions	-	-	2,100	4,500
Change in loans	-99	-30,605	-	-20,000
Dividends received from subsidiaries	-	-	-	1 200
Dividend to shareholders	-2,914	-	-2,914	-
Cash flow from financing operations	-872	47,450	1,327	63,755
Translation differences in liquid funds	-2,841	-957	-	-
Cash flow for the year	10,743	44,242	3,732	35,384
Liquid funds, opening balance	68,249	24,007	45,363	9,979
Liquid funds, closing balance	78,992	68,249	49,095	45,363

ACCOUNTING PRINCIPLES AND NOTES

Accounting principles

Amounts are stated in SEK thousand (KSEK) unless otherwise indicated.

These annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and recommendations and statements issued by the Swedish Financial Accounting Standards Council.

As from this financial year, the following new recommendations from the Swedish Financial Accounting Standards Council have been applied:

- RR 1:00 Consolidated accounts
- RR 15 Intangible fixed assets
- RR 16 Provisions, contingent liabilities and contingent assets
- RR 17 Write-downs
- RR 19 Companies winding up
- RR 21 Loan costs
- RR 23 Information concerning closely linked companies

The application of these recommendations has not affected the result and position stated.

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. 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 amortised 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.

All intra-Group transactions have been eliminated.

The current rate method is used in translating into Swedish kronor (SEK) the financial statements of independent foreign subsidiaries and associated companies. 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. At the end of the year, the exchange rates for the currencies in which the Group received income were:

	Average 2002	December 2002	Average 2001	December 2001
USD	9.73	8.83	10.33	10.67
GBP	14.57	14.15	14.87	15.48
NOK	122.00	125.95	114.99	118.35
ZAR	0.93	1.01	1.21	0.89
AUD	5.28	4.98	–	–

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

Receivables and liabilities

The accounts receivable by the Group and Parent Company are valued at the amounts expected to be received.

Foreign currencies

Receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date.

Income taxes

Income taxes entered into the accounts include tax payable and receivable from the current year, as well as changes in 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 entered 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. The temporary differences refer to reductions on losses. 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.

Income

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.

Fixed assets

Planned depreciation on tangible and intangible assets is based on the acquisition cost of the assets and their estimated useful service. The following depreciation periods are applied to existing assets:

- equipment – five years
- goodwill – five years.

Research and development work

Costs linked to 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.

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. The assets are depreciated during the same period of useful service life as for other assets. Other leasing and hiring contracts cover operational leasing contracts. Costs associated with these in the form of leasing and hiring charges are expensed continuously.

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 cash flow statement is divided into:

- current operations
- investment activities, 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 time of acquisition.



Notes on the financial statements

NOTE 1. DISTRIBUTION OF NET TURNOVER BY GEOGRAPHICAL MARKET

<i>The Group</i>	2002	2001
Nordic	45,124	50,003
USA ¹	92,599	127,459
UK ²	34,507	19,425
Total	172,230	196,887

1 of which, South Africa accounts for 120 and 8,206

2 of which, Australia accounts for 9,125 and 0

NOTE 2. INTRA-GROUP PURCHASES AND SALES

The Parent Company

Of the total purchasing costs and sales income for the year, 0 per cent of purchases and 100 of sales refer to other Group companies (0 per cent and 100 per cent in 2001).

NOTE 3. INFORMATION ABOUT AUDITORS' FEES

Fees and remuneration

<i>The Group</i>	2002	2001
Öhrlings PricewaterhouseCoopers		
Audit fees	481	368
Other assignments	8	–
Other auditors		
Audit fees	158	171
Other assignments	125	416
Total	772	955

<i>The Parent Company</i>	2002	2001
Öhrlings PricewaterhouseCoopers		
Audit fees	144	53
Other assignments	8	–
Total	152	53

NOTE 4. OPERATIONAL LEASING AND HIRING CONTRACTS

The total cost of operational leasing contracts for the year amounts to SEK 13,827 (12,675). Future leasing and hiring charges concerning operational leasing contracts with maturity periods in excess of one year amount to:

<i>The Group</i>	
2003	9,777
2004	6,299
2005	3,086
2006	2,348
2007	2,418
Thereafter	0
Total	23,928

NOTE 5. AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND SOCIAL BENEFIT CONTRIBUTIONS

1.) *Average number of employees*

<i>The Group</i>	2002		2001	
	Number of employees	Of whom, men	Number of employees	Of whom, men
Subsidiaries				
Sweden	44	25	60	35
USA	45	30	48	31
UK	11	7	10	8
Other	10	8	7	5
Group, total	110	70	125	79

In 2002, there were no employees in the Parent Company.

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

<i>The Group</i>	2002		2001	
	Salaries and other remuneration	(of which, pension costs)	Salaries and other remuneration	(of which, pension costs)
Subsidiaries	78,182	14,625 (4,028)	88,780	16,409 (4,093)

Of the Group's pension costs in 2002, 983 refers to the Board of Directors and CEO (773 for 2001). Of this figure, 0 (0) pertains to the Board.

The Parent Company

Board fees were paid in the amount of 225 (165 for 2001).

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

<i>The Group</i>	2002		2001	
	The Board and CEO	Other employees	The Board and CEO	Other employees
Subsidiaries in Sweden	1,170	20,137	785	25,962
Subsidiaries overseas				
USA	6,130	37,981	7,102	44,047
UK	1,283	7,424	1,156	5,699
Other	1,113	2,944	2,913	1,116
Group, total	9,696	68,486	11,955	76,825

The Group

Henrik Ekelund is both CEO of BTS Group AB and acting Chairman of the Board of the subsidiary BTS USA, Inc. For this reason, two contracts of employment have been drawn up – one for each company. Henrik Ekelund only draws salary from BTS USA, Inc. In 2002, this salary totalled USD 280,500 (SEK 2,728,003) while in 2001 it amounted to USD 242,000 (SEK 2,500,054). Mr Ekelund also has a duty-based right to a pension amounting to 13 per cent of his annual salary. This is paid in pension insurance.

In accordance with the contract with BTS USA, Inc, Henrik Ekelund is entitled to a severance package equivalent in value to 12 months' pay should his contract be terminated by the company. None of the other senior executives is entitled to a severance package.

NOTE 6. INTANGIBLE FIXED ASSETS

<i>The Group</i>	2002	2001
Goodwill		
Accum. acquisition value, (opening balance)	1,824	1,824
Acquisitions during the year	–	–
Accum. acquisition value, (closing balance)	1,824	1,824
Accumulated amortisation, opening balance	1,095	730
Amortisation for the year	364	365
Accumulated amortisation, year end	1,459	1,095
Book value	365	729

NOTE 7. TANGIBLE FIXED ASSETS

<i>The Group</i>	2002	2001
Stocks		
Accum. acquisition value, (opening balance)	10,072	9,773
Purchases	967	1,101
Sales and divestment	–202	–1,525
Translation difference	–1,029	723
Accum. acquisition value, (closing balance)	9,808	10,072
Accumulated depreciation, opening balance	6,211	5,503
Sales and divestment	–146	–1,419
Depreciation for the year	1,406	1 617
Translation difference	–693	510
Accumulated depreciation, closing balance	6,778	6,211
Residual value acc. to plan, closing balance	3,030	3,861

NOTE 8. PROFIT FROM OTHER SECURITIES AND RECEIVABLES CONSIDERED TO BE FIXED ASSETS

<i>The Group</i>	2002	2001
Write-downs	–	–1,613
Total	–	–1,613

<i>The Parent Company</i>	2002	2001
Dividend	–	1,200
Write-downs	–	–1,613
Total	–	–413

NOTE 9. TAX ON PROFIT FOR THE YEAR

<i>The Group</i>	2002	2001
Actual tax for the year	–2,777	–3,009
Deferred tax	–150	–
Deferred tax concerning temporary differences	–590	1,796
Total	–3 517	–1 213

<i>The Parent Company</i>	2002	2001
Actual tax for the year	–38	–
Tax effect of Group contributions	588	1,260
Deferred tax concerning temporary differences	–996	996
Total	–446	2,256

NOTE 10. FINANCIAL FIXED ASSETS

Participations in Group companies

	Number of shares	Capital share, %	Book value	
			31-12-2002	31-12-2001
BTS Sverige AB Company Reg. No. 556566-7127 Domicile: Stockholm	5,000	100	7,838	7,838
BTS USA, Inc. Company Reg. No. 06-1356708 Domicile: Connecticut	1,000	100	20,382	20,382
BTS in London Ltd. Company Reg. No. 577 1376 13 Domicile: London	5,000	100	6,901	6,901
Business Training Systems A/S Company Reg. No. 957 694 187 Domicile: Oslo	100	100	94	94
Catalysts for profitability and growth Ltd. Company Reg. No. 1998/010779/07 Domicile: Centurion	1,000	100	1	1
BTS Interactive Communications AB Company Reg. No. 556583-1673 Domicile: Stockholm	1,000	100	100	100
BTS Australasia Pty Ltd Company Reg. No. 009 066 501 Domicile: Sydney	45,050	90.1	234	–
Total shares in subsidiaries			35,550	35,316
			2002	2001
Acquisition value, opening balance			35,316	9,070
Acquisitions			234	–
Shareholders' contribution			–	26,246
Acquisition value, closing balance			35,550	35,316

NOTE 14. SHAREHOLDERS' EQUITY

<i>The Group</i>	Share capital	Restricted reserves	Unrestricted reserves	Result for the year	Total shareholders' equity
Opening balance	5,828	77,772	10,041	9,938	103,579
Profit transfer			9,938	–9,938	
New stock issue*	69	2,072			2,141
Transfer between restricted and unrestricted equity		386	–386		
Dividend to shareholders			–2,914		–2,914
Translation differences		–5,074			–5,074
Result for the year				6,413	6,413
Closing balance	5,897	75,156	16,679	6,413	104,145

NOTE 11. OTHER LONG-TERM HOLDINGS OF SECURITIES

	Number of shares	Capital share, %
Involvement Learning ASA Company Reg. No. 971591846 Domicile: Oslo	17,803	–
	2002	2001
Acquisition value, opening balance	1,614	1,614
Accumulated write-downs	–1,613	–
Write-downs for the year	–	–1,613
Acquisition value, closing balance	1	1

NOTE 12. DEFERRED TAX RECEIVABLE

<i>The Group</i>	2002	2001
Deficit payments	406	545
Write-downs on long-term holdings of securities	–	451
Total	406	996
<i>The Parent Company</i>	2002	2001
Deficit payments	–	545
Write-downs on long-term holdings of securities	–	451
Total	–	996

Deferred tax pertaining to the difference between investments in subsidiaries and in the Group book value of the net assets of the subsidiaries is not stated.

NOTE 13. PREPAID EXPENSES AND ACCRUED INCOME

<i>The Group</i>	2002	2001
Accrued income	8,169	9,648
Prepaid hiring charges	808	904
Other items	2,662	2,092
Total	11,639	12,644
<i>The Parent Company</i>		
Other items	105	–

<i>The Parent Company</i>	Share capital	Premium fund	Reserve fund	Result carried forward	Result for the year
Opening balance	5,828	77,474	569	4,033	2,429
Distribution of profits according to General Meeting					
Transfer to profit brought forward				2,429	-2,429
New stock issue*	69	2,073			
Dividend to shareholders				-2,914	
Group contributions				2,100	
Tax effect of Group contributions				-588	
Result for the year					746
Closing balance	5,897	79,547	569	5,060	746

* Issue costs included at 28

The share capital consists of 284,600 A-shares (restricted) and 5,612,700 B-shares (restricted), i.e. a total of 5,897,300 shares with a combined nominal value of SEK 5,897,300. The premium reserve consists of prepaid premiums and issue costs in connection with the flotation of the Company on the O-list of the Stockholm Stock Exchange in June 2001. The premium reserve refers to pre-paid premiums for 78,650 warrants issued with a redemption price of SEK 31.30 per B-share, prepaid premiums for 36,775 warrants issued with a redemption price of SEK 40.00 per B-share, pre-paid premiums for 53,200 warrants issued with a redemption price of SEK 75.00 per B-share, as well as premiums and issue costs paid in connection with the new stock issue involving the redemption of warrants issued (series 1999/2002, Programme I) in March 2002. Each warrant entitles the holder to subscribe for four new B-shares. The market value of the warrants at the subscription time was calculated according to the Black & Scholes evaluation model.

Warrants

Warrant series	Number	Redemption price	Subscription period
1999/2003	39,325	31.30	2003-01-01 – 2003-03-31
2000/2003	18,388	40.00	2003-01-01 – 2003-03-31
2000/2004	18,387	40.00	2004-01-01 – 2004-03-31
2000/2004:2	26,600	75.00	2004-01-01 – 2004-03-31
2000/2005	26,600	75.00	2005-01-01 – 2005-03-31

NOTE 15. BANK OVERDRAFT

The Group

Bank overdraft facilities were granted as of 31 December 2002 in the amount of 16,619 (18,001). These facilities had not been utilised at balance sheet date.

NOTE 16. ACCRUED EXPENSES AND PREPAID INCOME

<i>The Group</i>	2002	2001
Accrued salaries	4,483	3,717
Accrued social benefit expenses	1,768	1,797
Other items	5,404	9,320
Total	11,655	14,834
<i>The Parent Company</i>	2002	2001
Other items	78	151
Total	78	151

NOTE 17. SECURITIES POSTED

The Group

	2002	2001
Pledged assets for liabilities to credit institutions		
Company mortgages	10,000	10,000

NOTE 18. CONTINGENT LIABILITIES TO THE BENEFIT OF GROUP COMPANIES

<i>The Parent Company</i>	2002	2001
Security measures for the benefit of subsidiaries Stockholm, April 2003	4,964	6,000
Reinhold Geijer Chairman of the Board		Henrik Ekelund CEO
Tomas Franzén		Anders Wincrantz

AUDIT REPORT

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of BTS Group AB (publ) for the financial year 2002. These accounts and the administration of the company are the responsibility of the Board of Directors and the Managing Director. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. 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 managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for my opinion concerning discharge from liability, I 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 managing director. I also examined whether any Board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and thereby give a true and fair view of the company's and the group's financial position and results or operations in accordance with generally accepted accounting principles in Sweden.

I 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 Managing Director be discharged from liability for the financial year.

Stockholm, April 2003

Lars Berglund

Authorised public accountant

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITORS

THE BOARD



Reinhold Geijer

Danderyd, born 1953

Chairman of the Board of BTS Group AB since 2002.

Member of the Board of BTS Group AB since 2001.

CEO of Nordisk Renting AB.

Other Board positions: Member of a number of Boards including those of 7:e AP-fonden, Nefab AB OEM International AB and Trygg Stiftelsen.

Shareholdings and warrants in BTS Group AB:

Call options on 15,000 B-shares.



Henrik Ekelund

San Francisco, born 1955

Group President and CEO of BTS Group AB.

Other Board positions: Deputy to the Board of Universum Communications AB.

Shareholdings and warrants in BTS Group AB:

284,600 A-shares and 1,463,417 B-shares.



Tomas Franzén

Nacka, born 1962

Member of the Board of BTS Group AB since 2000.

CEO of Song Networks.

Other Board positions: Chairman of the Board of Grin AB. Member of the Boards of AU-System AB, OEM International AB, IMS Data AB, ProAct IT Group AB, Allgon AB and Song Networks AB.

Shareholdings and warrants in BTS Group AB:

Call options on 15,000 B-shares.



Anders Wincrantz

Stockholm, born 1952

Member of the Board of BTS Group AB since 2000.

CEO of Outlook Soft Nordic AB.

Other Board positions:

Member of the Board of Wincrantz Byggnads AB.

Shareholdings and warrants in BTS Group AB:

Call options on 15,000 B-shares.

AUDITOR

Lars Berglund

Stockholm, born 1950.

Authorised Public Accountant.

Öhrlings PricewaterhouseCoopers AB.

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

DEPUTY AUDITOR

Sten Håkansson

Stockholm, born 1960.

Authorised Public Accountant.

Öhrlings PricewaterhouseCoopers AB.

Deputy auditor of BTS Group AB since 2001.

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 1985.
Shareholdings and warrants in
BTS Group AB: 1,057,398 B-shares.



Pia Anderberg

Lidingö, born 1964
CEO of BTS Nordic.
Employee of BTS since 1990.
Shareholdings and warrants in
BTS Group AB: 50,000 B-shares
and warrants for 79,500 B-shares.



Johan Strömsäter

London, born 1961
CEO of BTS UK.
Employee of BTS since 1988.
Shareholdings and warrants in
BTS Group AB: 84,324 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: 11,000 B-shares
and warrants for 27,000 B-shares.



Jonas Åkerman

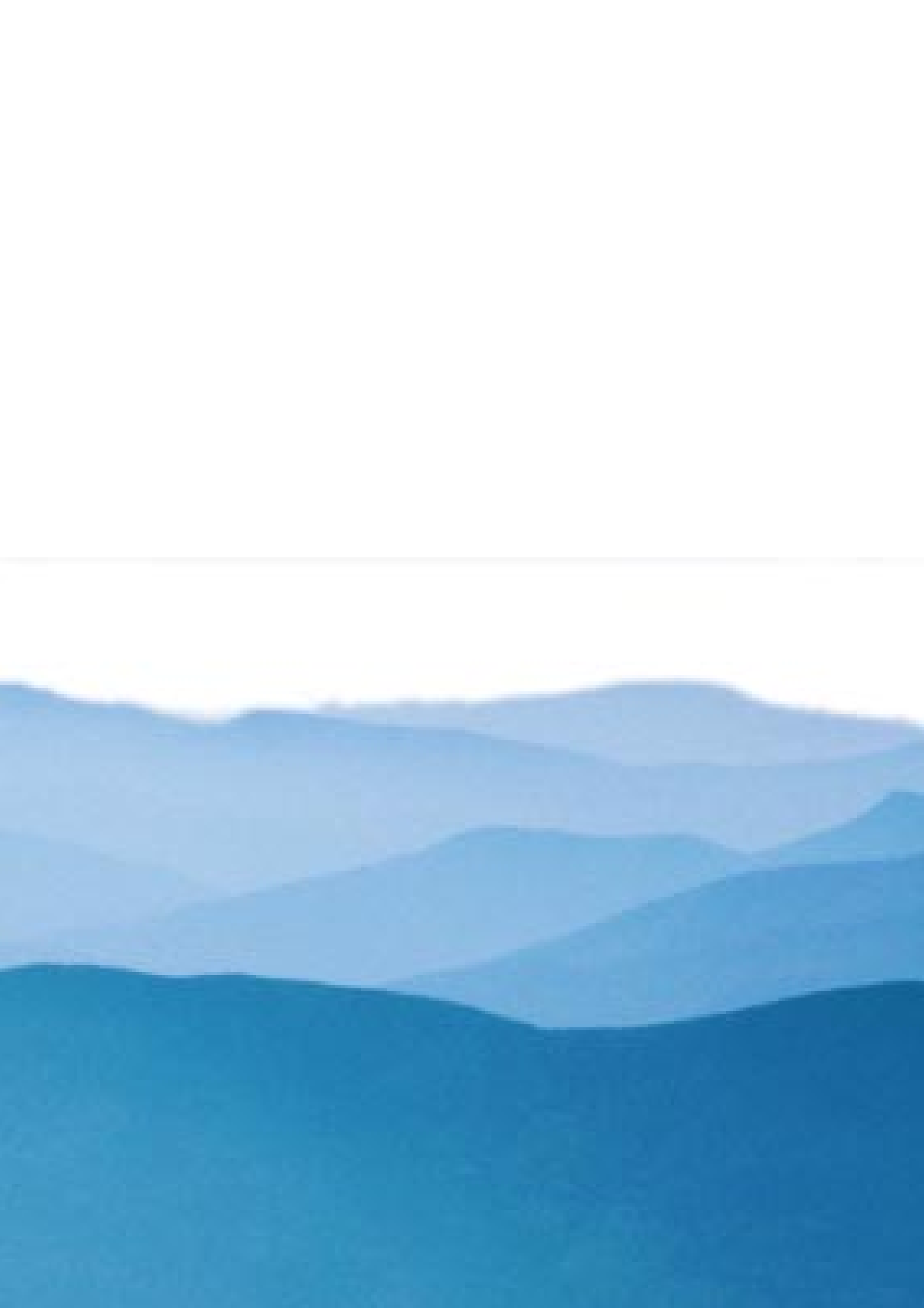
Connecticut, born 1963
CEO of BTS USA.
Employee of BTS since 1991.
Shareholdings and warrants in
BTS Group AB: 280,000 B-shares
and call options on 24,000 B-shares.



Stefan Hellberg

Stockholm, born 1957
Responsible for sales, HR processes and IT.
Employee of BTS since 1985.
Shareholdings and warrants in
BTS Group AB: 1,168,261 B-shares.

The information about shares and warrants listed above refers to conditions at 30 December 2002.



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