

BTS Group AB (publ)

Interim Report January 1 - June 30, 2008

Continued growth; dollar rate impacts negatively

- Net turnover increased by 2 percent during the first half-year and amounted to MSEK 270.5 (265.4). Adjusted for changes in exchange rates, growth was 12 percent.
- The operating profit before amortization on intangible assets (EBITA) decreased by 14 percent to MSEK 41.1 (47.6).
- Profit after tax decreased by 4 percent to MSEK 23.6 (24.5).
- Earnings per share amounted to SEK 1.31 (1.35).

The second quarter 2008

- Net turnover increased by 5 percent during the second quarter and amounted to MSEK 148.2 (141.7). Adjusted for changes in exchange rates, growth was 16 percent.
- The operating profit before amortization on intangible assets (EBITA) decreased by 6 percent to MSEK 27.6 (29.5).
- Profit after tax increased by 6 percent to MSEK 16.9 (15.9).
- Earnings per share amounted to SEK 0.93 (0.88).

Summary of the first half-year

- The demand for BTS services continued to be good in all markets.
- The negative change in BTS' earnings was principally attributable to considerably lower sales within the APG unit which was acquired in 2006, increased investments and lower cost efficiency within BTS USA and a weakening of the USD and GBP, currencies of importance for BTS.
- BTS' other operations have continued to develop positively.
- The revenue and earnings trends were significantly more positive during the second quarter compared with the first quarter.
- New clients secured during the first half-year included Alcoa, Conoco-Philips, Deutsche Bank and National Foods Limited, among others.

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

Turnover

BTS' net turnover increased by 2 percent during the first half-year and amounted to MSEK 270.5 (265.4). Adjusted for changes in exchange rates, growth was 12 percent. Growth in local currency terms was strong in all units with the exception of APG: BTS North America grew by 22 percent, BTS Europe grew by 20 percent, BTS Other markets grew by 33 percent, while APG decreased by 12 percent.



Earnings

The operating profit before amortization on intangible assets (EBITA) decreased by 14 percent during the first half-year and amounted to MSEK 41.1 (47.6). The operating profit was affected by MSEK 4.3 (5.2) during the first half-year for amortization of intangible assets attributable to acquisitions. The operating profit (EBIT) decreased by 13 percent to MSEK 36.8 (42.4).

The operating margin before amortization on intangible assets (EBITA margin) was 15 (18) percent. The operating margin (EBIT margin) was 14 (16) percent.

Profit before tax for the first half-year decreased by 11 percent to MSEK 35.1 (39.5).

The negative change in earnings and margin was principally attributable to decreased sales in the acquired APG unit. The earnings was also impacted negatively by investments made for growth purposes and lower cost efficiency within BTS USA and a weakening of the USD and GBP, currencies of importance for BTS. Measurements to improve cost efficiency in BTS USA have been launched.

An action program for APG was initiated earlier in the year in order to make sales more efficient. This contributed to a comparative improvement during the second quarter compared with the first quarter, and is expected to continue to improve earnings during the remaining part of the year.

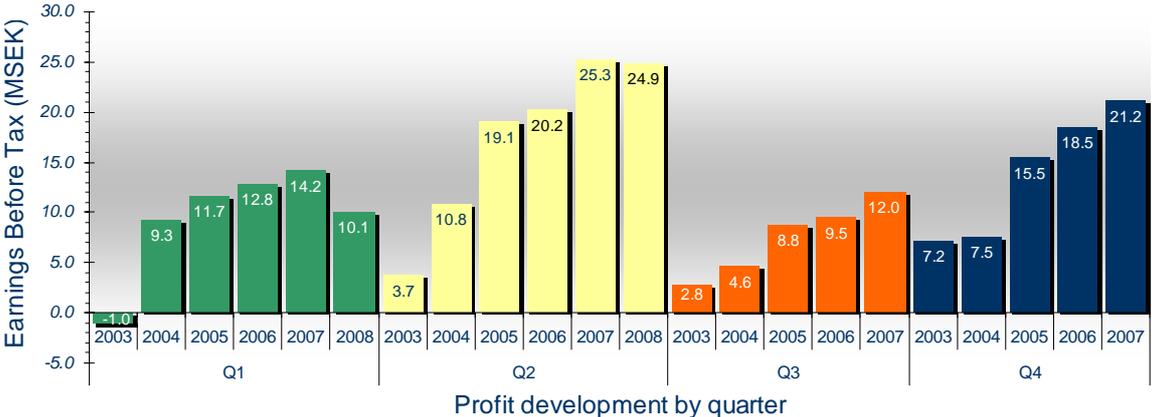
The second quarter

BTS' net turnover increased by 5 percent during the second quarter and amounted to MSEK 148.2 (141.7). Adjusted for changes in exchange rates, growth was 16 percent.

The operating profit before amortization on intangible assets (EBITA) decreased by 6 percent during the second quarter and amounted to MSEK 27.6 (29.5). The operating profit during the second quarter was affected by MSEK 2.1 (2.6) for amortization of intangible assets attributable to acquisitions. The operating profit (EBIT) decreased by 5 percent to MSEK 25.5 (26.9).

The operating margin before amortization on intangible assets (EBITA margin) was 19 (21) percent. The operating margin (EBIT margin) was 17 (19) percent.

Profit before tax for the second quarter decreased by 2 percent and amounted to MSEK 24.9 (25.3).



Market development

The demand for BTS services continued to be good in all markets. A number of sectors in the US have weakened considerably – including retail, the automotive sector and certain parts of the housing and construction market and financial sectors, BTS has a limited exposure to these sectors. BTS experienced two years of zero growth in connection with the economic downturn during the period 2001–2003. However, at that time, over 80 percent of BTS’ revenue came from the three hardest hit sectors (IT, telecommunications and manufacturing industry). Today, BTS’ operations are significantly more diversified and only a limited share of revenue comes from the sectors that are currently experiencing weakness.

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

According to the research firm, Bersin & Associates, the total training market in the US is estimated to be worth approx USD 58 billion (including costs for internal training resources). Approximately USD 16 billion of external services are purchased, of which BTS’ market segment – training services to managers and sales staff - is estimated to be worth approx. USD 5 billion. This means that BTS currently has approx. 1 percent market share in its North America segment, a market that is expected to grow by approximately 5 percent annually.

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

BTS' growth

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

The factors behind BTS' growth are as follows:

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

BTS drives this growth through:

- growth in existing offices
- geographical expansion through new offices
- cross-selling between BTS business units as well as continued development of new products and solutions.

BTS' offering has broadened considerably through product development and completed acquisitions and apart from world-leading business simulations also includes leading solutions within strategically important areas such as e.g. sales and management development and internet-based training solutions.

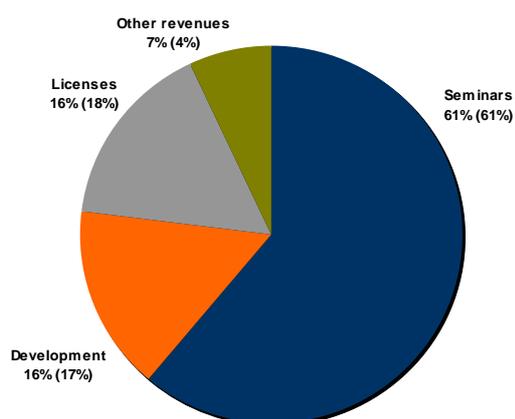
BTS offers the most comprehensive range of tailored simulation solutions on the market today and at the same time, is the only company in the world that can serve large international companies within these sectors on a global basis. BTS' sales organization is being developed and is growing rapidly. This means that BTS to a greater extent, can satisfy existing clients' needs for additional solutions, which generates significant growth opportunities both in the near-term and long-term.

Assignments and new clients

New clients secured during the first half-year included Alcoa, Deloitte, Conoco-Philips, Deutsche Bank and National Foods Limited, among others.

Revenue development

Revenue by source of revenue January 1 - June 30, 2008



Operative units

Net turnover per operative unit

	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007	rolling 12-month 2008/2007	Full-year 2007
MSEK						
North America*	98.8	99.3	183.7	193.0	359.1	368.4
Europe	38.1	32.5	67.2	57.3	126.9	117.0
Other markets	11.3	9.9	19.6	15.1	42.3	37.8
Total	148.2	141.7	270.5	265.4	528.3	523.2

* North America

BTS	66.0	59.3	121.8	113.1	228.1	219.4
APG	32.8	40.0	61.9	79.9	131.0	149.0
Total	98.8	99.3	183.7	193.0	359.1	368.4

The operating profit before amortization of intangible assets (EBITA) per operative unit

	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007	rolling 12-month 2008/2007	Full-year 2007
MSEK						
North America*	15.5	20.7	25.1	36.5	49.8	61.2
Europe	10.3	7.0	14.2	9.7	25.6	21.1
Other markets	1.8	1.8	1.8	1.4	6.4	6.0
Total	27.6	29.5	41.1	47.6	81.8	88.3

* North America

BTS	14.0	17.4	22.3	30.1	40.0	47.8
APG	1.5	3.3	2.8	6.4	9.8	13.4
Total	15.5	20.7	25.1	36.5	49.8	61.2

North America

The operations - APG and RLC, which were acquired during 2006, are reported geographically within North America. Apart from APG, other units have been combined in an organizational and legal entity and are reported as BTS from the beginning of 2008. Comparative figures in respect of the previous year have been adjusted to the new operating structure.

BTS

Net turnover for BTS' North American operations amounted to MSEK 121.8 (113.1) during the first half-year. Adjusted for currency effects, revenue increased by 22 percent. The operating profit before amortization on intangible assets (EBITA) amounted to MSEK 22.3 (30.1) during the first half-year. The operating margin before amortization on intangible assets (EBITA margin) was 18 (27) percent.

Net turnover amounted to MSEK 66.0 (59.3) during the second quarter. Adjusted for currency effects, revenue increased by 28 percent. The operating profit before amortization on intangible assets (EBITA) amounted to MSEK 14.0 (17.4) during the second quarter. The operating margin before amortization on intangible assets (EBITA margin) was 21 (29) percent.

Growth continued to be good during the first half-year. However, BTS sales via APG declined considerably resulting in a deterioration in earnings and a lower margin. Earnings were also affected by investments for growth purposes, including, in a larger organization and marketing and lower cost efficiency. Measurements to improve cost efficiency have been launched.

APG

Net turnover for APG amounted to MSEK 61.9 (79.9) during the first half-year. Adjusted for currency effects, revenue decreased by 12 percent. The operating profit before amortization on intangible assets (EBITA) amounted to MSEK 2.8 (6.4) during the first half-year. The operating margin before amortization on intangible assets (EBITA margin) was 5 (8) percent.

Net turnover amounted to MSEK 32.8 (40.0) during the second quarter. Adjusted for currency effects, revenue decreased by 6 percent. The operating profit before amortization on intangible assets (EBITA) amounted to MSEK 1.5 (3.3) during the second quarter. The operating margin before amortization on intangible assets (EBITA margin) was 5 (8) percent.

The negative change in earnings and margin was principally attributable to decreased sales in comparison with the strong first half-year performance of the previous year.

An action program for APG was initiated earlier in the year in order to make sales more efficient. This contributed to a comparative improvement during the second quarter compared with the first quarter, and is expected to continue to improve earnings during the remaining part of the year.

Europe

Net turnover for Europe amounted to MSEK 67.2 (57.3) during the first half-year. Adjusted for currency effects, revenue increased by 20 percent. The operating profit before amortization on intangible assets (EBITA) amounted to MSEK 14.2 (9.7) during the first half-year. The operating margin before amortization on intangible assets (EBITA margin) was 21 (17) percent.

Net turnover amounted to MSEK 38.1 (32.5) during the second quarter. Adjusted for currency effects, revenue increased by 21 percent. The operating profit before amortization on intangible assets (EBITA) amounted to MSEK 10.3 (7.0) during the second quarter. The operating margin before amortization on intangible assets (EBITA margin) was 27 (22) percent.

Other markets

Net turnover for Other markets amounted to MSEK 19.6 (15.1) during the first half-year. Adjusted for currency effects, revenue increased by 33 percent. The operating profit before amortization on intangible assets (EBITA) amounted to MSEK 1.8 (1.4) during the first half-year. The operating margin before amortization on intangible assets (EBITA margin) was 9 (9) percent.

Net turnover amounted to MSEK 11.3 (9.9) during the second quarter. Adjusted for currency effects, revenue increased by 20 percent. The operating profit before amortization on intangible assets (EBITA) amounted to MSEK 1.8 (1.8) during the second quarter. The operating margin before amortization on intangible assets (EBITA margin) was 16 (18) percent.

Growth was good in both Australia and South Africa during the first half-year. Investments in personnel and marketing activities have been carried out during the half-year period in order to strengthen growth further.

Financial position

BTS' cash flow from operating activities amounted to MSEK 8.7 (-14.0) during the first half-year.

Cash and cash equivalents amounted to MSEK 46.4 (30.1) at the end of the half-year period. The Company's interest-bearing loans, which relate to previously completed acquisitions, amounted to MSEK 75.5 (83.8) at the end of the period.

BTS' solidity was 51 (49) percent at the end of the period.

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

Employees

The number of employees in BTS Group AB as of June 30 was 243 (206).

The average number of employees during the period was 240 (200).

The Parent Company

The Company's net turnover amounted to MSEK 0.5 (0) and the profit after net financial items amounted to MSEK 2.9 (2.9). Cash and cash equivalents amounted to MSEK 0 (0).

Outlook for 2008

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

Accounting principles

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

Future reporting dates

Interim Report Jul – Sep
Year-end Report

November 5, 2008
February, 2009

The board of directors and chief executive officer affirm that the interim report provides a true and fair view of the Company's and Group's operations, financial position and results and describes significant risks and uncertainties faced by the Company and the companies that make up the Group.

Stockholm, August 21, 2008

Dag Sehlin

Chairman of the Board

Mariana Burenstam Linder

Member of the Board

Stefan Gardefjord

Member of the Board

Henrik Ekelund

Chief Executive Officer

Member of the Board

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

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**INCOME STATEMENT, Summary
KSEK**

	3 months ended		6 months ended		12 months ended	
	Jun 30	Jun 30	Jun 30	Jun 30	Jun 30	Dec 31
	2008	2007	2008	2007	2008	2007
Revenue	148,215	141,748	270,530	265,453	528,238	523,161
Operating expenses	-120,038	-111,722	-228,362	-216,706	-444,349	-432,693
Depreciation tangible assets	-538	-496	-1,044	-1,119	-2,099	-2,174
Amortization intangible assets	-2,136	-2,554	-4,361	-5,175	-9,293	-10,107
Operating result	25,503	26,976	36,763	42,453	72,497	78,187
Financial income and expenses	-576	-1,699	-1,702	-2,955	-4,168	-5,421
Result before tax	24,927	25,277	35,061	39,498	68,329	72,766
Taxes	-8,067	-9,385	-11,483	-15,046	-20,374	-23,937
Result for the period	16,860	15,892	23,578	24,452	47,955	48,829
attributable to equity holders of the parent	16,860	15,892	23,578	24,452	47,955	48,829
Earnings per share, before dilution of shares, SEK	0.93	0.88	1.31	1.35	2.66	2.71
Number of shares at end of the period	18,048,300	18,048,300	18,048,300	18,048,300	18,048,300	18,048,300
Average number of shares before dilution of shares	18,048,300	18,048,300	18,048,300	18,048,300	18,048,300	18,048,300
Earnings per share, after dilution of shares, SEK	0.93	0.88	1.31	1.35	2.66	2.70
Average number of shares after dilution of shares	18,048,300	18,114,361	18,048,300	18,114,361	18,048,300	18,074,696
Dividend per share						1.20

**BALANCE SHEET, Summary
KSEK**

	06/30/08	06/30/07	12/31/07
Assets			
Goodwill	135,756	152,612	145,093
Other intangible assets	26,370	40,149	33,048
Tangible assets	5,908	4,846	5,317
Other fixed assets	4,882	3,814	4,343
Accounts receivable	121,631	109,131	115,955
Other current assets	30,948	27,680	25,187
Cash and bank	46,391	30,134	67,473
Total assets	371,886	368,366	396,416
Equity and liabilities			
Equity	188,969	182,171	198,603
Non interest bearing - non current liabilities	84	43	120
Interest bearing - current liabilities	75,667	83,823	62,856
Non interest bearing - current liabilities	107,166	102,329	134,837
Total equity and liabilities	371,886	368,366	396,416

**CASH FLOW STATEMENT, Summary
KSEK**

	Jan-Jun 2008	Jan-Jun 2007	Jan-Dec 2007
Cash flow from current operations	8,690	-13,970	45,219
Cash flow from investment activities	-19,888	-4,604	-12,219
Cash flow from financing operations	-4,642	-23,614	-32,802
Change in liquid funds	-21,082	-41,920	-4,581
Liquid funds, opening balance	67,473	72,054	72,054
Liquid funds, closing balance	46,391	30,134	67,473
Effect of exchange rate changes on cash	-5,242	268	-4,779

**CHANGES IN EQUITY
KSEK**

	Total Equity 06/30/08	Total Equity 06/30/07	Total Equity 12/31/07
Opening balance	198,603	175,171	175,171
Dividend to shareholders	-21,658	-18,048	-18,048
Conversion differences	-11,916	375	-8,073
Change minority interest	-	-508	-508
Miscellaneous	362	729	1,232
Result for the period	23,578	24,452	48,829
Closing balance	188,969	182,171	198,603

KEY RATIOS

	3 months ended		6 months ended		12 months ended	
	Jun 30 2008	Jun 30 2007	Jun 30 2008	Jun 30 2007	Jun 30 2008	Dec 31 2007
Revenues, KSEK	148,215	141,748	270,530	265,453	528,238	523,161
EBITA (Earnings before interest, tax and amortisation), KSEK	27,639	29,530	41,124	47,628	81,790	88,294
EBIT (Operating result), KSEK	25,503	26,976	36,763	42,453	72,497	78,187
EBITA margin (Earnings before interest, tax and amortisation margin), %	19	21	15	18	15	17
EBIT margin (Operating margin), %	17	19	14	16	14	15
Profit margin, %	11	11	9	9	9	9
Operational capital, KSEK					218,245	193,896
Return on equity, %					25	26
Return on operational capital, %					35	41
Solidity at end of the period, %	51	49	51	49	51	50
Cash flow, KSEK	2,942	-2,890	-21,082	-41,920	16,257	-4,581
Liquid funds at end of the period, KSEK	46,391	30,134	46,391	30,134	46,391	67,473
Average number of employees	243	205	240	200	229	211
Number of employees at end of the period	243	206	243	206	243	230
Revenues for the year per employee, KSEK					2,306	2,479

DEFINITIONS

Earnings per share

Earnings attributable to the parent company's shareholders divided by number of shares

EBITA margin (Earnings before interest, tax and amortisation margin)

Operating result before interest, tax and amortisation as a percentage of revenues.

EBIT margin (Operating margin)

Operating result after depreciation as a percentage of revenues.

Profit margin

Result for the period as a percentage of revenues.

Operational capital

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

Return on equity

Result for the period (converted into whole year) as a percentage of average equity.

Return on operational capital

Operating result as a percentage of average operational capital.

Solidity

Equity as a percentage of total balance sheet.

Organic growth

Growth excluding acquisition