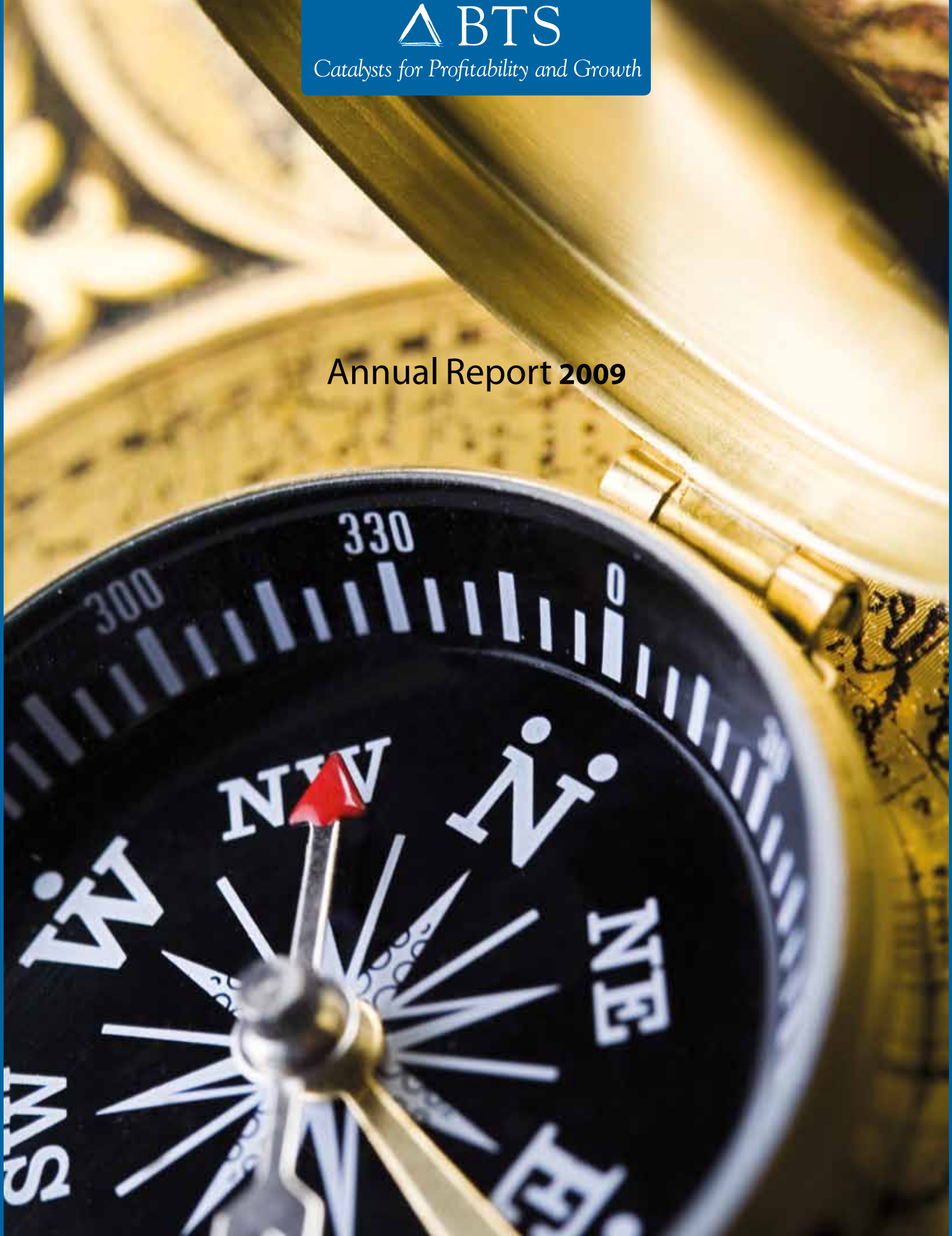




*Catalysts for Profitability and Growth*

# Annual Report 2009



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# Making execution happen

BTS believes a business strategy, no matter how well researched and articulated, is only as good as its execution. BTS accelerates execution by working with leaders and managers to help them make better business decisions, faster.

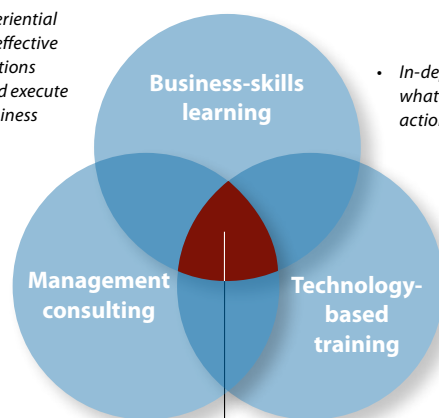
BTS builds alignment around business direction and key business performance objectives. Strategy without alignment at all levels is a recipe for slow execution.

BTS builds the capabilities needed to accelerate execution. An attempt to execute rapidly without having the right individual and organizational capabilities in place is wishful thinking.

BTS experiential learning platforms create opportunities for deep practice. As professional sports teams know, practice creates team alignment and builds capability and confidence. A great plan AND great practice increase the odds of winning.

*"We build commitment and capability to accelerate strategy execution and improve business results."*

- Simulations and experiential solutions – the most effective way to help organizations understand, align and execute on strategies and business initiatives



- In-depth customization to what is relevant and actionable on the job

- A results-focused approach that comprehensively and efficiently secures and measures the business impact

*BTS' solutions meet the needs in a business niche in the market by combining expertise from different areas such as management consulting, business-skills learning and technology-based training.*

## Vision

*"The global leader in accelerating strategic alignment and execution – innovating how companies learn, change and improve."*

# The BTS Group is an international cons

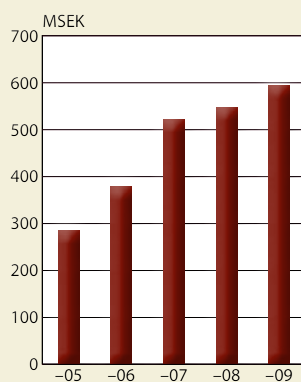
BTS is the global leader in accelerating strategic alignment and execution, innovating how organizations learn, change and improve. BTS adds value to its clients through three practice areas: Strategic Alignment & Business Acumen, Leadership and Sales Force Transformation. The unique BTS process offers fast strategic alignment and rapid capability building through:

- Business simulations and experiential solutions.
- In-depth customization to what is relevant and actionable on the job.
- A results focused approach that comprehensively and efficiently secures and measures business impact.

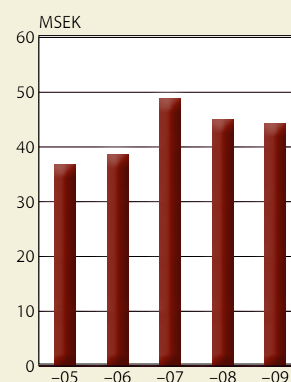
## Examples of BTS customers

Accenture	Deloitte	Microsoft	Schlumberger	Texas Instruments
AT&T	Ericsson	National Australia Bank	Sony	Toyota
Autodesk	GAP	Nokia	SingTel	Unilever
BBVA	GlaxoSmithKline	Repsol YPF	Standard Bank	Vattenfall
BG	HP	Roche	Telefónica	Vodafone
Coca-Cola	Humana	Sanofi-Aventis	Telstra	Xerox

NETTURNOVER



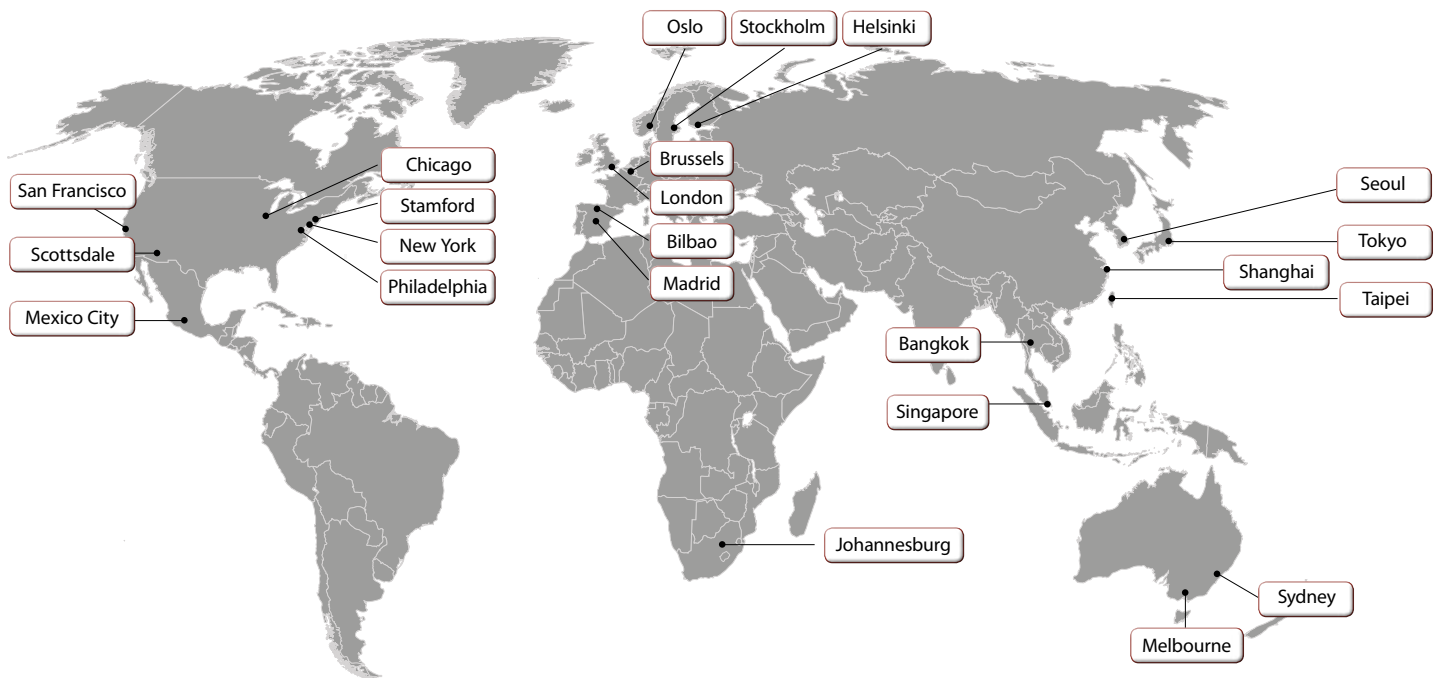
PROFIT AFTER TAX



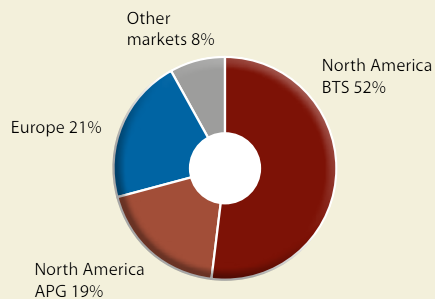
# ulting and learning company

BTS has over 250 professionals serving more than 400 clients, including 40 of the US Fortune 100 companies and 25 of the Global Fortune 100 largest corporations in the world.

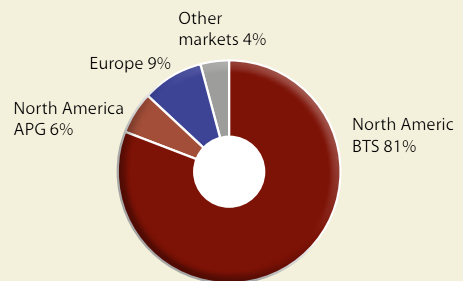
BTS serves its clients globally from offices in all parts of the world.



NET TURNOVER PER OPERATIVE UNIT



OPERATING PROFIT (EBITA) PER OPERATIVE UNIT

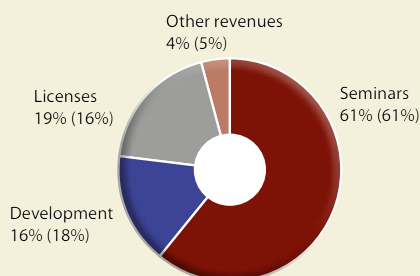


# 2009 in brief

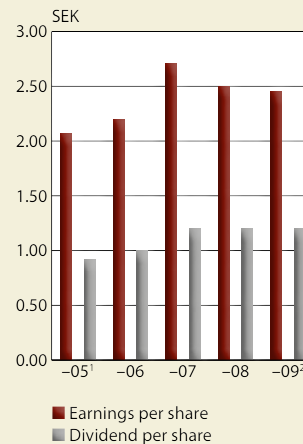
- Net turnover increased by 9 percent during the year and amounted to MSEK 595.1 (548.4).
- Adjusting for changes in foreign exchange rates, growth was –3 percent.
- Operating profit before amortization of intangible assets (EBITA) decreased by 2 percent to MSEK 78.1 (79.8).
- Profit before tax increased by 1 percent and amounted to MSEK 68.3 (67.6).
- Profit after tax decreased by 2 percent and amounted to MSEK 44.3 (45.0).
- Earnings per share decreased by 2 percent to SEK 2.45 (2.50).

KEY RATIOS	2009	2008
Net turnover, MSEK	595.1	548.4
EBITA, MSEK	78.1	79.8
Operating profit, MSEK	69.8	70.5
Profit before tax, MSEK	68.3	67.6
Profit after tax, MSEK	44.3	45.0
EBITA margin, %	13	15
Operating margin, %	12	13
Profit margin, %	7	8
Operational capital, MSEK	236.7	266.9
Return on equity, %	17	20
Return on operational capital, %	28	31
Solidity at the end of the year, %	59	56
Cash flow from current operations, MSEK	61.3	37.5
Cash flow, MSEK	10.8	–7.0
Liquid funds at the end of the year, MSEK	75.4	65.9
Average number of employees	260	249
Number of employees at the end of the year	252	267
Net turnover per employee, MSEK	2.3	2.2

NET TURNOVER  
BY SOURCE OF REVENUE



EARNINGS AND  
DIVIDENDS PER SHARE



<sup>1</sup> The 2005 earnings per share and dividend per share has been adjusted due to the split 3:1 in May 2006.

<sup>2</sup> Proposed dividend.



## WORDS FROM THE CEO

# 2009 – one of our best years ever

2009 turned out to be one the best years ever for BTS – in two ways:

- We maintained our revenue and profit levels, despite a very difficult year for our industry.
- We achieved strategic progress in key areas: creating a strong foundation for growth during 2010 and onwards.

During 2009, our total revenues grew 9 percent. In real terms – adjusting for currency changes – our growth during 2009 was –3 percent. Most of our industry colleagues saw their revenues decline 20–40 percent during the year. BTS has continued to win market share.

To maximize profit is not the number one priority for BTS during a recession; this is the time to invest for the future. However, we think it is important to protect our profit and are pleased that we have achieved an operating profit during 2009 at the same level as during 2008.

### ► Why are we winning market share during the recession?

Companies have looked very hard at all their expenses during the last 18 months. Cost cutting has in many cases been significant, in particular for costs relating to external consulting services.

During times like these, only “the fittest survive” – only the partners who deliver real business results. BTS has grown faster than competitors for many years, and the recession has further highlighted the competitive advantages of BTS.

There is no secret than many consulting services and many learning and development programs do not deliver results. Our industry is full of dinosaurs. But these dinosaurs are dying at an increasing rate – and BTS’ innovative and results-focused approach is eating their lunch.

The unique BTS process offers fast strategic alignment and rapid capability building.

Our key differentiators and competitive advantages:

- Simulations and experiential solutions – the most effective way to help organizations understand, align and execute on strategies and business initiatives.
- In-depth customization to what is relevant and actionable on the job.
- A results-focused approach that comprehensively and efficiently secures and measures business impact.

### ► Why are CEOs fired?

Research shows that 70 percent of fired CEOs are terminated not because they lacked vision, but because they failed to engage their organization in carrying out their strategies. Bottom line: it is more difficult to execute a strategy than to create it.

Many well-meaning strategic initiatives are communicated with kick-off events, web town meetings, etc. This approach – with one-way communication trickling down from the top of the organization – is where visionary leadership meets its Waterloo.

Leaders who execute effectively know better than to spoon-feed managers and employees with fait-accompli solutions and unassailable arguments. They understand the power of real engagement and enhanced capabilities to drive execution; and they know how to build this.

Strategic alignment and speed of execution define the *raison d’être* of BTS: to build commitment and capability to accelerate strategy execution and improve business results.

We have the privilege of working with many great business organizations that demonstrate excellence in strategic alignment and are adept at rapid execution: AT&T, Coca-Cola, Ericsson and Procter & Gamble, to name a few. Serving world-class and demanding companies is where BTS truly excels.

### ► Our Vision

Our vision is to become “the global leader in accelerating strategic alignment and execution – innovating how organizations learn, change and improve”.

The vision embodies an exciting challenge for all of us. Based on our position today in terms of our client base, solution-portfolio and people, we are convinced that we will achieve this vision.

### ► Strategic progress during 2009

Recessions are the best time to invest; and BTS has made significant strategic investment and progress during 2009:

- New customers – BTS is proud to welcome over 40 new customers. Some examples of major new customers are GlaxoSmithKline, Deloitte, SingTel and Sodexo.
- Product development – a significant number of new solutions with strong potential have been developed, some of them in the growing area of “connected learning”.
- New markets – BTS has hired, invested and grown significantly in selected markets in East Asia and Latin America.
- Stronger workforce – we have maintained the same size of the workforce, but we have managed to upgrade over 10 percent of the workforce through personnel turnover.
- Systems & processes – we have implemented a global IT infrastructure, a CRM system and our new world-class knowledge management system “Agora”.

All in all, BTS is starting 2010 as a stronger organization than one year ago – moving into a new phase of growth.

### ► We expect rapid organic growth

BTS has achieved rapid organic growth every year outside recession periods since the company was founded. During our latest growth period 2003–2007 we achieved an average organic growth of 19 percent per year. Net profit grew at an even more rapid rate; averaging 61 percent per year.

“ *BTS has grown faster than competitors for many years, and the recession has further highlighted the competitive advantages of BTS.* ”



We expect to return to organic growth during 2010 and onwards – and our goal remains to over time achieve 20 percent per year.

They are several drivers behind our long-term, sustainable, profitable growth:

- We are operating in a growing market.
- Our offering has strong competitive advantages.
- We are investing funds and resources in new markets, new solutions and sales and marketing activities.
- We have the best organization and the best people in our industry.

BTS has a customer base, solution-portfolio and organization to sustain growth. Our market penetration is still low, with less than 1 percent world-wide market share.

The foundation and majority of our growth is organic – expansion of existing offices, geographical expansion in the form of new offices and continuous development of new products and solutions.

#### ► A global partner

Our customers are increasingly asking us to serve them globally. In recent years we have expanded into new markets in Asia and Latin America. We see significant growth opportunities in these markets as well in continental Europe and the US, and our plans include establishing new offices during the coming years.

#### ► Positive development for APG

APG, which we acquired in 2006, saw declining revenues and profit during the recession of 2008 and 2009.

The APG team has worked hard to turn around the business, with a program based on sales efficiency, training and cost control.

This program is delivering results: during the second half of 2009 revenue grew at 11 percent and profit improved substantially. We see good growth prospects for APG during the next years.

#### ► Our solid financial position

BTS has a positive net cash position, and a strong solidity of 59 percent. Our loans are of a long-term character and amortized accordingly to a six-year plan through our strong cash flow. Our goodwill assets are holding their value well, due to the strong performance of acquired companies.

#### ► Outlook

BTS has during 20 years demonstrated a capability to grow organically, always maintaining good profit levels. Today, we are a world leader in our field, with substantial opportunities to continue our growth. The recession is creating significant challenges and opportunities. Our recession strategy is yielding good results. The result before tax for 2010 is expected to be better than last year.

Stockholm, April 2010

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

## BTS IN THE WORLD

# BTS serves its clients globally from

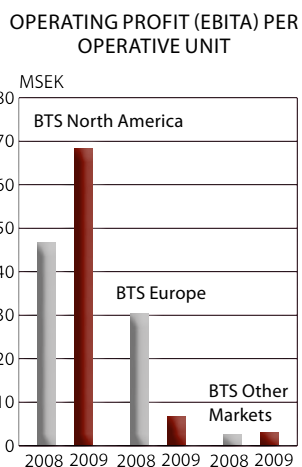
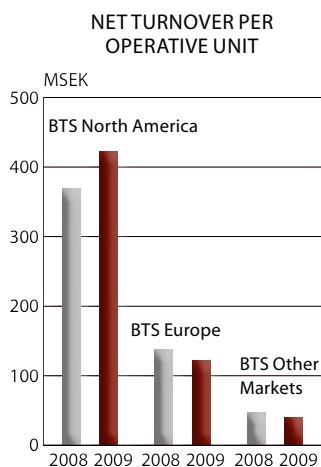
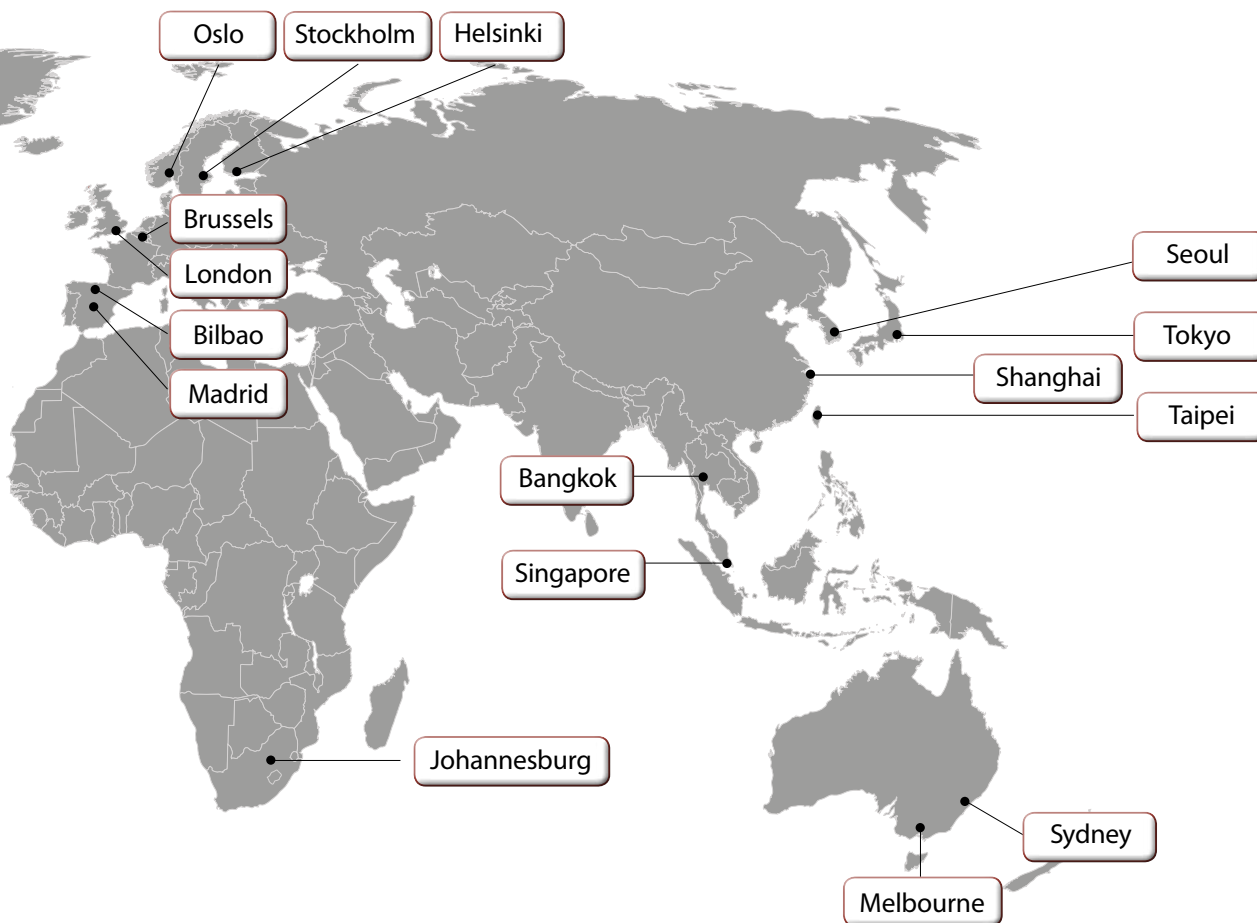


### History

- ▶ **1986**  
BTS is founded in Stockholm, Sweden.
- ▶ **1992**  
The internationalization begins; subsidiaries are established in the United Kingdom and United States.
- ▶ **1997**  
BTS launches the company's first manual simulations.
- ▶ **1999**  
BTS develops business simulations for Web-based delivery. Offices opened in Finland, South Africa and a second office in the United States.
- ▶ **2000**  
The company introduces tailor-made business simulations to customers within three industries: Manufacturing, Telecom and Information Technology.
- ▶ **2001**  
BTS is listed on the O-list of the Stockholm Stock Exchange.
- ▶ **2002**  
The company introduces tailor-made business simulations to customers in four additional industries: Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution and Energy. BTS acquires an Australian office.
- ▶ **2003–2006**  
BTS acquires the Spanish company I-Simco with two offices in Spain. BTS takes a large leap forward concerning licensing of some of its technology-based business-simulation solutions. BTS acquires the US company The Strategic Management Group Learning Solutions (SMG) and the Finnish company Business Game Factory (BGF). The company opens an office in China as well as its second office in Australia. Acquired The Real Learning Company, Scottsdale, Arizona and The Advantage Performance Group, Tiburon, California.



# offices in all parts of the world



## VISION, MISSION, VALUE PROPOSITION, GOALS AND STRATEGIES

# The global leader in accelerating strategic alignment and execution

BTS is the world leader in customized business simulations and other discovery learning solutions that enable leading organizations to learn, change and improve. The unique BTS process offers fast strategic alignment and rapid capability building to accelerate execution and to improve business results.

### **Vision**

"The global leader in accelerating strategic alignment and execution – innovating how organizations learn, change and improve."

### **Mission**

"We build commitment and capability to accelerate strategy execution and improve business results."

### **Financial Goals**

BTS' financial goals shall over time be:

- An organic growth, adjusted for changes in exchange rates, of 20 percent.
- An EBITA margin of 15 percent.
- An equity ratio that does not fall below 50 percent over extended periods.

### **Value Proposition**

"We deliver better results, faster. The unique BTS process offers fast strategic alignment and rapid capability building. Our key differentiators:

- Simulations and experiential solutions – the most effective way to help organizations understand, align and execute on strategies and business initiatives.
- In-depth customization to what is relevant and actionable on the job.
- A results-focused approach that comprehensively and efficiently secures and measures business impact."

## The BTS Group's eleven Strategic Principles:

### ► Focus

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

### ► Internationalization

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

### ► Organic growth complemented by acquisitions

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

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

### ► Top clients and long-term partnerships

BTS' clients shall predominantly be high-image/large clients – and the most demanding and professional clients.

BTS establishes long-term partnerships with clients, built on delivery of top quality and highly visible results and strong customer relations.

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

### ► Differentiation – higher value & premium position

BTS' services are differentiated through superior business results and ROI. The most common differentiation factors for BTS are:

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

### ► Offer solutions and IP – not sell time

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

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

### ► Network-oriented sales and marketing

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

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

### ► Value chain – focus on strategic assets and high value

BTS owns and sources internally:

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

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

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

### ► One company – one best practice

BTS has detailed processes and best practice exchanges to ensure compatible methods throughout the Group – leveraging the company's knowledge and increasing productivity. We deliver well-coordinated and integrated services across the globe.

### ► Innovate! And develop close to the customer

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

### ► The people and the company spirit

BTS' professionals are all very visible to the client and the spirit is a main driver of client and employee satisfaction. BTS emphasizes a positive and professional company culture expressed in six core values.

Recruitment, development and motivation of our people – creating business-focused high performers throughout the organization – are key drivers of our growth.

## CUSTOMERS

# Long-term relationships based on real value and results

### ► Valuable client base

#### *The largest companies in the world*

At present, more than 400 companies trust BTS for their strategic processes to change, grow and succeed in an increasingly challenging global business environment. We build commitment and capability to accelerate strategy execution and improve business results.

More than 25 of the world's 100 largest companies, measured by market capitalization, are customers of BTS.

### ► Important customer relationships

The pressure of constant change creates continuous demand for business training in almost all industries worldwide. BTS sees considerable growth potential in its existing client base.

### ► Global customers in several sectors

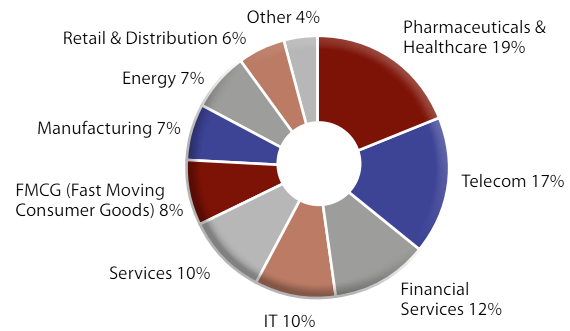
During the 1990s, BTS grew rapidly in the Manufacturing, Telecom and Information Technology Industries – with major global customers such as Philips, Ericsson and HP as valued customers.

During the recession in the early 2000s, BTS expanded its positions by entering four additional industries: Financial Services, Pharmaceuticals & Healthcare, Retail & Logistics and Energy.

Over the past couple of years, BTS has also grown quickly in the Fast Moving Consumer Goods and Service sectors.

With these recent additions, BTS now has built strong market positions within nine industries.

REVENUE SOURCE PER SECTOR, % OF TOTAL



The pie chart shows revenue distribution between different sectors in 2009. The importance of sectors such as Services, Pharmaceuticals & Healthcare, FMCG, Retail & Logistics and Energy has been increased through conscious investments. The "Other" category includes candidates for BTS' new growth sectors.

IT	Telecom	Financial Services	Pharmaceuticals & Healthcare	Retail & Distribution	Manufacturing	Energy	FMCG	Services
HP	Ericsson	BBVA	GSK	Federated	Honeywell	BG	Coca-Cola	Deloitte
Network Applications	Telstra	Standard Bank	Roche	Paperlinx	Sandvik	Vattenfall	Kraft	Sodexo
Microsoft	Telefonica	Bank of America	Sanofi-Aventis	Schneider	Toyota	Iberdrola	Unilever	Accenture

## ACCENTURE

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



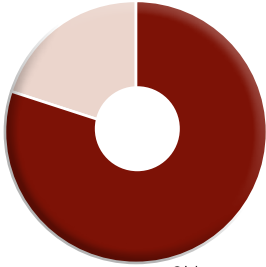
### **Building Business Acumen and Strategy Execution**

As a result of a transition from a partnership to a corporate structure, Accenture's support functions – the Enterprise workforce – faced an urgent and compelling need to understand Accenture's business strategy, how this business strategy was relevant to their function and how to implement the strategy efficiently. BTS created a computer-based version of Accenture's business – the scale and effects of

decisions mirrored the size and complexity of the company's business – so that managers could viscerally experience the challenge of running one of the world's largest consulting and outsourcing companies.

Results: To date, two-thirds of the workforce has attended the program, returning a top-ten rating (against 22,000 learning assets), showing 10–20 percent improvement against program objectives,

New customers 20%



Old customers 80%

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

*“The world’s leading companies work closely with BTS – more than 25 of the world’s 100 largest companies use BTS extensively. Customer relationships are strategic and typically last for 6 to 8 years or more.”*

and yielding impressive application results three months after the workshops. At Accenture, demand for a “single player” version resulted in an online creation by BTS so that the mobile workforce could also benefit from this engagement. More than 1,500 users have completed this four-hour online simulation. Accenture and BTS won the “Brandon Hall (Gold) Award” and *Training Magazine’s* “Technology in Action Award” for this project.





## PRACTICE AREAS

# Thought leadership

We have many years of expertise as well as a proven track record of delivering results within three practice areas: Strategic Alignment & Business Acumen, Leadership & Management and Sales.

### 1 Strategic Alignment & Business Acumen

With more than two decades of experience partnering with the world's largest companies, BTS is the leader in creating and coordinating strategic alignment, and developing the business acumen organizations need to get better results, faster. From consulting to design and development to deployment, BTS creates customized, experiential learning programs that support a wide variety of strategic objectives.

#### Strategic Alignment

BTS is a world leader in partnering with leading corporations to align people, resources, business unit objectives and individual tasks to those of the intended corporate strategy. Our unparalleled experience in applying discovery-based learning technologies to enhance development has helped win the hearts and minds at all levels of our clients' organizations. We create and coordinate strategic alignment such that individuals at all levels can articulate the value they create and how they can systematically prioritize their time, resources and behavior to accelerate achievement of the business strategy. The result is action that accelerates changes and improves business results. We have extensive experience engaging organizations in a multi-phased strategic alignment and execution process to ensure transformational change at every level of the organization.

The following are some of the tools we use in this work:

#### ► Strategy Execution Simulations

- We create realistic and engaging simulation experiences that allow learners to develop a deep understanding of their company's strategic direction and to practice its successful execution in a risk-free environment. Through our process, participants experience the benefits, tradeoffs and potential obstacles to successful execution. The result is greater organizational alignment and accelerated execution of key strategic initiatives.

#### ► Strategic Alignment Maps

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

#### ► Strategic Planning Simulations

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

## REPSOL YPF

*"How can we improve the understanding of strategic decisions and the alignment of employees from a complex group of integrated businesses?"*

### Strategic Alignment

One of the largest private companies in the oil & gas industry needed to develop employees' business acumen and strategic alignment.

BTS designed a program focused on aligning executives and managers with the company's strategic plan. It develops their business acumen with respect to an integrated oil & gas company, and their understanding of the key factors for achieving success in a complex industry exposed to many external factors.

The target audience for this global program includes around 200 executives and 1,200 middle managers. This high participation of professionals



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

### Building Business Acumen

Businesses succeed or fail through a process of creating options and making choices. Every employee in every company engages in this process, every day. The most important decisions involve trade-offs. BTS develops the business acumen needed to improve decision making at all levels of the organization.

In 1986, BTS was founded upon the discovery that the alignment and results from the customized simulation experience far exceeded the off-the-shelf experience. BTS invented the customized business simulation and brought it to market. Since then, we have built the best customization capability in the world. Our flexible platforms allow for rapid customization in order to meet the learning objectives of multiple target audiences. Our customization process ensures that our business simulations closely reflect our customers' markets and businesses as well as their key strategic and financial priorities. Our simulations are created to be competitively dynamic so that the decisions made by one team have a direct impact on the other teams' results. We reinforce programs' learning objectives by combining the simulation with instructor-led discussions and feedback.

The blending of our customized simulation technology and content curriculum offers participants a risk-free opportunity to rehearse and practice a range of relevant strategies and actions for driving business results, and to develop the insights, improvisations, and innovations needed for real-world success.

with many years of experience in the sector is one of the factors that make this program really stand out.

*"The results obtained and the satisfaction of those who have personally lived the program experience are clear evidence that we can be proud of the work done. I'm convinced that this initiative will help us to achieve one of the key success factors of any organization: to unite, align and commit the management team to the current and future challenges of the company."*

*Esther Villar, Training Director in the Corporate Division of HR Management*



## 2 Leadership

In a time when other providers in the management development learning space saw their revenues shrink 20–40 percent, the BTS Leadership and Management practice grew year over year by 29 percent. Our success in 2009 was no accident. As we have reflected upon the last 18 months, we realize that we have our clients to thank for so much of this growth. They provided us with the trust and partnership to rethink our core competencies and challenge us to develop innovative ways to help them achieve their ever-changing business results.

Here are some of the reasons why the BTS Leadership and Management practice was able to expand our customer base and positively impact thousands of leaders throughout global organizations during this challenging period:

- 1) Recognition that development of leaders, especially at the front line, is key to executing during the inevitable economic “upcycle”. Our clients understood that even while enduring the dismal economic times, the key to their ability to make the most of their recovery resided with those leaders closest to the customers and to the employees serving those customers. BTS seized on this opportunity by driving greater focus on front-line leaders. In 2009, BTS introduced an approach designed to turbo charge the performance of these leaders – branded “Front-Line Execution.” In a review of available research and time spent strategizing with our valued clients, we discovered that under-performing organizations under-fund the development of their front-line leaders.
- 2) A robust portfolio of application-focused, discovery-based learning solutions: BTS continues to grow, innovate and enhance the growing number of core learning solutions that deliver proven results to our clients. These solutions, combined with our versatile delivery channels, create the ability to meet

unique client demand the world over. Whether delivered via Engage Maps, connected learning, boards, or simulations, the content builds capability and commitment to execute against the ever-shifting strategic initiatives of today’s global organizations.

- 3) A business-focused, outcome-driven solution path: with the credibility of a strong BTS business acumen legacy at the core, and the power of the “BTS Way” as a way to drive alignment, clients understand that our leadership and management solutions mean business and that we have the tools and processes to help them achieve and measure those results.
- 4) Not having a “one size fits all” mindset: clients experience the power of strategic customization. And through the design of solutions tailored to their unique needs, they reap the benefit of solutions that integrate seamlessly with current or emerging strategic initiatives.
- 5) A conceptual consultative framework grounded in solid research: enduring business results are a product of systemic solutions that go beyond a quick dunk in the training tank. At the core is the understanding that three points must be covered: commitment to strategy, an enabling culture, and the skills to execute. Our leadership management model reflects the interaction and importance of addressing all three in the course of client engagements.

BTS leadership and management solutions have excellent possibilities to continue its positive development during 2010 and onwards.

### KIMBERLY-CLARK

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



### Implementing a New Measure of Success

One of America’s premier Consumer Goods companies partnered with BTS to teach its top 100 leaders the What, Why, and How of a new corporate metric: Total Shareholder Return.

Through the simulation, leaders experienced what the metric represents, why it is crucial to the future of the company, and how the decisions they make impact results.

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

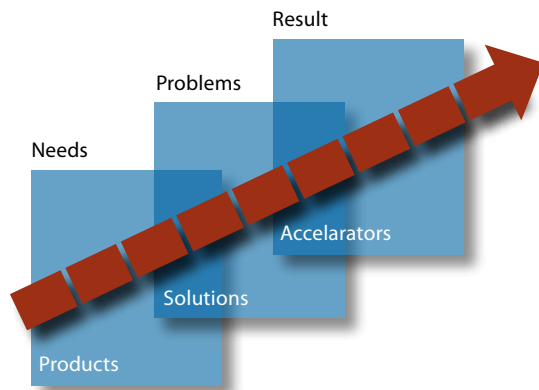
*We asked BTS to create a customized, sophisticated simulation experience that*



### 3 Sales Practice

#### ► Strategically Aligning the World's Best Sales Forces

In the BTS Sales Practice, we are fortunate to work with many of the world's leading sales forces. One thing that differentiates these sales forces is their constant attunement to changing market conditions. In the current economic environment, customers will only pay rock-bottom prices for basic products, and they are becoming increasingly skeptical about the added value in packaged "solutions." Instead, what they seek are vendors, suppliers, and partners who will help them accelerate their desired business results.



The emphasis in sales moved over the last decade from a focus on products to solution selling. Today's world-class sales forces are evolving to the next stage, where they focus on accelerating the customer's overall business results.

Therefore, leading-edge sales forces are reorganizing around a vision that emphasizes the salesperson's role in accelerating each customer's desired business results. At the BTS Sales Practice, we specialize in these sales force transformation projects. These transformations are at their core a strategic alignment and

*brought our key business challenges to life. The simulation BTS created exceeded our expectations. It was a hit with our senior leaders, and sustained a high degree of active engagement over the course of our two-day conference. Many of our leaders said the simulation experience made this our best leadership conference yet.*

*Ultimately, the BTS simulation created an exciting communication platform that allowed me to quickly align Kimberly-Clark's senior team around enterprise value creation."*

*Thomas J. Falk, CEO, Kimberly-Clark*

execution effort for the sales force. Therefore, they build upon the significant expertise of BTS in this area.

We assist companies with sales transformation efforts by combining our proprietary research on how companies make major purchases today with our understanding of how leading-edge companies are changing the way they sell. And we deliver the learning in the same experiential, discovery-based way we have become famous for with our business simulations.

The foundation of our work in the sales arena comes from research with almost 200 executive-level buyers in a wide range of industries globally. The results of that research were published by McGraw-Hill in *The Mind of the Customer*, and the research is ongoing. evolution requires a new skill set for salespeople, sales managers, and sales leaders:

- Understanding the customer's business and selling to executives based on their interests and concerns
- Creating value for customers by framing how offerings drive the customer's desired business result
- Communicating value to customers by presenting interactively and negotiating collaboratively beyond price issues
- Managing account strategy to create long-term customer relationships that involve a full set of offerings
- Coaching strategies for sales managers to maximize salesperson effectiveness and performance



BTS research reveals that companies that successfully accomplish a sales transformation build mastery in five areas. These areas are the five pillars of sales transformation.

We are currently supporting many organizations through sales transformations and with other sales skill development needs. Among our current customers are Procter & Gamble, Humana, Newell Rubbermaid, Nokia Siemens Networks, Coca-Cola, UPS, and UBS.

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

## SOLUTION TECHNOLOGIES

# World-leading simulations and experiential learning platforms

Our platforms incorporate innovative learning content and cutting-edge methodologies whose efficacy has been proven through successful implementation with leading organizations around the world. Our simulation tools allow companies to develop the skills and capabilities within all levels of their organization, and these competencies ultimately drive improved business results.

### Fact

#### ► Computer-Based Business Simulations

We build customized, computer-based business simulations to reflect our clients' key strategic and financial priorities. Our simulations are created to be competitively dynamic so that the decisions made by one team have a direct impact on the other teams' results. We reinforce the programs' learning objectives by combining the simulation with instructor-led discussions and feedback. The blending of our customized simulation technology and content curriculum offers participants a risk-free opportunity to test out a range of relevant strategies to drive business results.

In 2000, BTS launched its Mini-Master Platform that enables rapid and cost-effective development of customized business simulations.

#### ► Computer-Based Scenario Simulations

Also known as "best-practice" simulations, scenario simulations are used to build leadership, project management and sales capabilities. The simulations leverage decision-tree structures in realistic case settings, enhanced with text, audio, still photography and video. Participants read and observe real-world business situations in the simulation and they then have the opportunity to react to the issues presented. Upon choosing a course of action, the simulation immediately presents the impacts of the participant's decisions on the ultimate goals.

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

## COCA-COLA ENTERPRISES

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



### **Increasing New Employee Efficiency through a Better On-Boarding Process**

Coca-Cola Enterprises is the world's largest marketer, producer and distributor of Coca-Cola products. CCE engaged BTS to develop CCE Pathway – a blended learning solution that leverages Engage Maps, e-learning and experiential peer coaching activities. Through this process, all new front-line employees receive a structured and standardized "on the job" training process that ensures that they

learn the key skills and knowledge necessary to be productive within 2–4 weeks. Results: The unique program design allowed CCE to cost effectively deploy the solution to the entire North American Business Unit with no travel costs or time away from the job. More importantly, it significantly reduced the time-to-productivity for new employees.



## Fact

### ► Board Simulations

Board simulations, also known as “board games,” represent a company’s operations and simulate its business. During the simulation rounds, participants literally pick up and move “money” chips through the different areas of their company. This hands-on approach allows participants to visualize the cash flow cycle in action.

BTS offers hybrid board-computer simulations that create a dynamic competitive marketplace.

### ► Engage Maps

This highly experiential learning methodology is utilized to provide participants thoughtful processes to self-discover and implement the skills and capabilities necessary to drive desired behavioral changes. As a facilitated learning experience, these customized programs utilize the power of small groups, peer dialogue, and strategic relevance to ensure both long-term retention as well as immediate application back on the job. These interactive maps create opportunities for large numbers of executives, managers, and employees to understand the reasons for organizational change and to experience its implications. Through jointly developed, pre-designed formats, these maps assist participants in transitioning to the organization’s new environment and allow them to try out new behaviors.

Engage Maps have become one of the fastest growing areas of new solutions being deployed by our clients. Engage Maps combined with BTS’ computer-based business simulations provide a powerful combination to align and implement new strategic initiatives and change at all levels of an organization.

### ► E-Learning Solutions

#### *Online & Virtual Solutions*

Our Web-based business and scenario simulations engage participants in highly interactive learning that employs the same BTS’ do-reflect-apply approach used in the classroom. In these competitive, game-style programs, managers and employees participate as teams or individually in a self-paced format. As participants and teams set their own pace throughout the simulations, they receive feedback on their performance and experience the impacts of their decisions on leadership, operational and financial performance.

*Why Finance Matters!* is considered by many to be the industry standard finance-for-non-financial-managers programs and is one of BTS’ most popular online solutions, with approximately 20,000 participants experiencing it annually.

### *Tournaments*

Tournaments are multi-team, competitive simulations conducted via the Internet with support and coaching from BTS’ consultants. Teams from various companies or from within the same company participate virtually in these open or in-house learning experiences. The ultimate goal for all participants is to enhance their business acumen and strategy execution skills within a dynamic and competitive environment. Companies entering teams in BTS’ open and custom tournaments save on travel and facilities cost while retaining benefits of experiential learning. To learn more, please visit our tournament website at [www.btstournaments.com](http://www.btstournaments.com).

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



## GROWTH, PROFITABILITY, AND ACQUISITIONS

# Growth and profit year after year

Growth has averaged 18 percent the last 10 years, of which 13 percent has been organic. Acquisitions have built synergies with new solutions, new markets and new talents and helped to drive growth.

### ► Continuous growth and profit

During the last 10 years, growth has averaged 18 percent per year, of which 13 percent has been organic. The company has delivered profit every year irrespective of market conditions and despite substantial costs for acquisitions and investments in product development and market establishment around the world.

This development is a result of BTS' growth strategy, dynamic business model and the entrepreneurial organization.

In the 1990s, BTS successfully managed to achieve continuous profitable growth. Good market conditions, new product initiatives as well as new offices in the US, UK, Finland and South Africa played a major role in the company's growth during this period. When the market conditions worsened between 2001 and 2003, BTS managed to maintain a healthy level of revenues, despite the unfavorable business climate (particularly in the IT, Telecom, and Manufacturing industries, where BTS was predominantly active) through adhering to its successful long-term strategy.

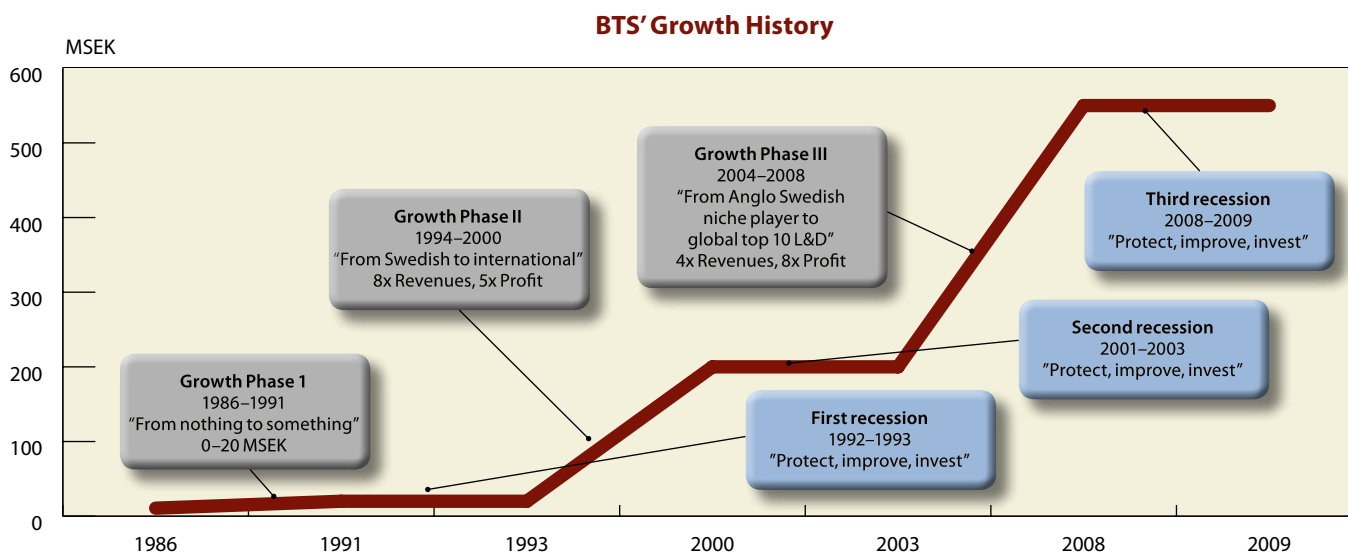
### ► New initiatives

In the difficult market conditions of 2001–2003, BTS successfully managed to reinforce the business for future growth and profitability by implementing a range of new initiatives:

- New tailor-made business simulations were developed and sold to companies in four additional industries: Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution and Energy.
- Expansion to two new markets occurred: Australia and Spain.
- The sales organization was strengthened, as was the collaboration with strategically important external partners.
- The customer base was significantly expanded.

### ► Increasing profits

BTS constantly strives to improve profitability. The changes and initiatives implemented during the period of consolidation between 2001 and 2003 have, in combination with focus on raising the proportion of revenues from licensing, led to a significant improvement in margins.



### ► Targeted acquisitions

BTS' expansion strategy is primarily built on organic growth. The company's acquisition strategy has strengthened its position even further. BTS' strategy for acquisitions aims to create a broader base for future organic growth by adding new markets, new value-adding products and services and new talent.

During 2002 and 2003, BTS made two targeted, smaller acquisitions in Australia and Spain. These have both contributed to BTS' consistent growth and strong financial results.

### ► Acquisitions in 2005 and 2006

BTS acquired The Strategic Management Group Learning Solutions and Business Game Factory in 2005 and The Advantage Performance Group and The Real Learning Company in 2006. These acquisitions have strengthened the company in several ways.

The new companies have added new training-related technologies and delivery methods, a broader base and a wealth of new talent.

### ► The 2008–2009 recession

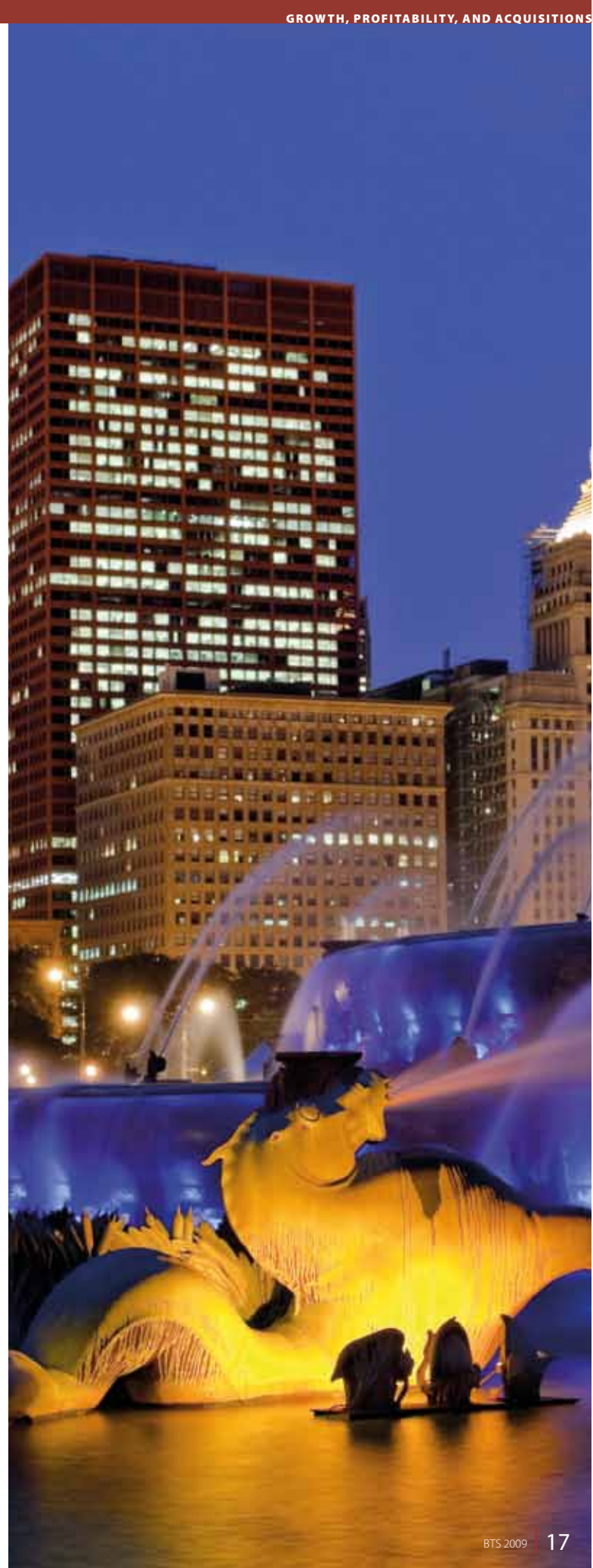
The recession during 2008–2009 has had significant negative impact on our industry. Most of the companies within it saw their revenues decline 20–40 percent in 2009.

Our recession strategy was based on two key factors: our low market share and our highly competitive offering. By focusing our resources on highly prioritized accounts, we were able to maintain our revenue and profit levels.

At the same time, BTS has made strategic investment and progress during the recession, creating a strong foundation for growth as of 2010 and onwards. BTS is well positioned to achieve its vision to become "the global leader in accelerating strategic alignment and execution – innovating how organizations learn, change and improve".

#### Acquisitions

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



## BUSINESS MODEL

# World-leading capabilities are shaped in partnership with our clients

The foundation for growth lies in BTS' ability to create long-lasting customer relationships at different levels in the customer organization. An initial BTS assignment is often designed for and implemented with the client's senior executives and managers. This customization process is carried out in close cooperation with the client.

Outstanding results, well over the clients' expectations in an initial project, lead to customized solutions for managers and employees at different levels throughout the organization.

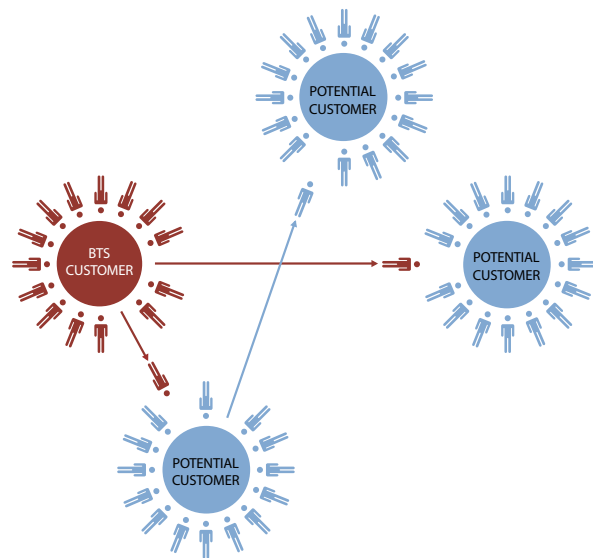
### ► Network-based marketing

BTS employs a network-based marketing approach covering a number of selected industries.

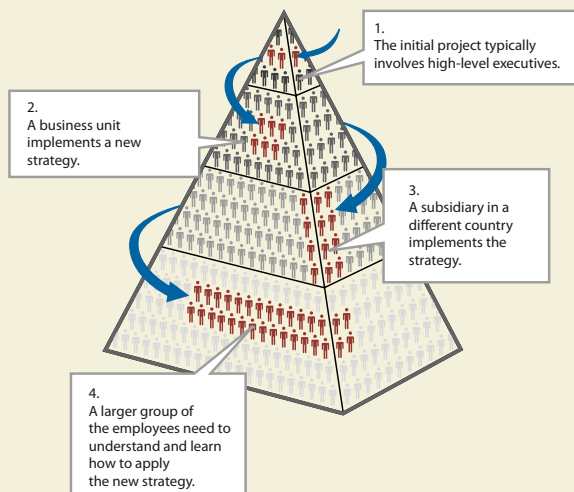
The network, composed of both those executives who make strategic decisions about change and learning initiatives and those who actually purchase solutions, helps generate opportunities for new assignments and customers. When BTS approaches a new industry, it initially focuses on a few leading companies. Once these assignments are completed, they will serve as reputation-building reference projects for new sales to other organizations in the same industry.

### ► Multi-market expansion with limited risk

BTS continuously expands its business operations to new markets around the world. BTS works with multinational clients and implements projects in a large number of countries without necessarily having an established local office in every market.



BTS values its customer relations. Participants in the company's business programs are important future customers. New assignments come mostly from former buyers and program participants changing jobs or companies – and calling on BTS from their new positions.



*BTS builds relationships at different levels in the clients' organizations. Through these relationships, new projects are continuously generated.*



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

Once business has grown to sufficient volumes in a new market and the future potential appears attractive, BTS can take the logical step and establish a new, local office.

► **Acquisition strategy**

BTS’ growth strategy is primarily built on organic growth. Over the past few years, the company has made a number of acquisitions in different countries.

BTS’ strategy for acquisitions is built on creating a broader base for future organic growth while at the same time actively consolidating a highly fragmented market. The goal is to offer more services to both existing and new customers. All acquisitions have resulted in cross-selling. This is a result of conscious efforts to identify new business opportunities based on needs within the extended customer base. The training of account managers as well as needs-focused discussions with individual clients have played an important role in this process.

**Development**

► **Developing the revenue mix**

BTS’ revenues originate from three areas:

- Customization
- Instructor-led seminars
- Licenses

BTS works continuously to develop and combine different methods of training delivery to ensure optimal, value-added customer benefits, and at the same time strengthen its own revenue streams and profitability.

► **Efficient customizations**

In collaboration with customers, BTS customizes both the content and the form of its business programs. The company has successfully improved its profitability by increasing the efficiency of the customization process. This improvement is a result of

advancements and fine-tuning of development methods as well as increased reuse of previous development work.

When BTS develops solutions for corporations in new industries, the cost of customization is initially high. With the later reuse of experience and skills, however, these costs subsequently fall.

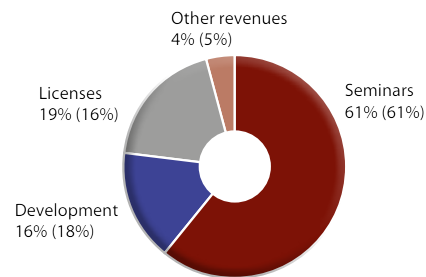
► **Seminars – the majority of revenues**

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

► **Increased licensing revenue**

BTS also delivers its solutions via e-Learning, CD-ROM, and as manual board solutions. The long-term goal is to increase license revenues. License-based business simulations are very efficient learning tools for customers; they make it possible to reach larger groups of employees in organizations, all over the world and at all levels. At the same time, it is a profitable line for BTS.

NET TURNOVER BY SOURCE OF REVENUE



**MUNTERS MCS**

*“How can we provide value for both the client and Munters MCS?”*



**More value for customers drives Munters MCS growth**

Munters MCS, partnered with BTS to develop a sales transformation program that would help Munters MCS’ top sales organization to better focus on how to provide customer value in each transaction, and therefore also drive value for Munters MCS.

The program reached top sales leaders throughout all major markets in which Munters MCS operates.

The integrated solution used a fully customized computer simulation focusing on the two-sided value, and Engage Maps to provide an engaging and challenging experience for the top sales team.

*“The program has had a major effect on all participants understanding of the connection between the value for the client and Munters MCS profitability”*



## MARKET

# BTS grows although the market is on hold

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

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

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

### **Change Management: A Part of Day-to-Day Management**

How do top executives in world leading companies respond to the dynamics of change? The Economist Intelligence Unit has published a report that answered this question.<sup>1</sup>

#### ► Key findings:

- The credit crunch and economic slowdown are affecting the way companies act. Business leaders are responding to the economic slowdown by launching more change programs. These initiatives will primarily be driven by the need for operational efficiency and to reduce costs.
- Successful change management still eludes most companies. Despite the fact that change management has been taught at business schools around the world for several decades,

companies still struggle to put theory into practice. Fully 58 percent of the survey respondents say that, over the past five years, half or fewer of their change initiatives have been successful.

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

### **The Key Elements of Success, According to the EIU:**

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

1. "A Change for the Better: Steps for Successful Business Transformation." Economist Intelligence Unit, May 2008.\*

## **SANOFI-AVENTIS**

*"How do we move from legacy leadership approach to a performance based culture?"*

### **To Create a Performance Based Culture**

Sanofi-Aventis is a leading global pharmaceutical company. Sanofi-Aventis is ranked number one in Europe and is among the top five pharmaceutical companies in the US. In the mature pharmaceutical industry, technological advances are driving change that will require a fundamental shift in the industry's operating environment. Mass markets are fragmenting into targeted genotype segments that offer higher efficacy rates. The current business model,

with its "blockbuster" product development approach and narrow product portfolio, is no longer effective. The shift to a "niche-buster" product development model with a wide portfolio requires a radically different approach to leadership. To prepare managers at all levels, but especially front line leaders to execute against this new strategy, Sanofi-Aventis partnered with BTS to create a customized solution specific to the Sanofi performance management



approach, accelerating both managers skill and front-line employee performance.

*“Senior leaders applauded the BTS solution as a “standing ovation” in that it aligns their front line with their strategy and it creates a high-performance culture in the context of accelerating business results.”*



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

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

### Size & Growth Pattern

#### ► US still leads the way

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

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

### BTS Targets 10 Billion USD Market

The total US corporate learning market decreased slightly from 2008 to 2009, decreasing from USD 56.2 billion to USD 48.2 billion (including salaries to companies' internal training resources). Of this, spending on products and services from external providers decreased from USD 15.4 billion in 2008 to USD 13.8 billion in 2009, according to a Bersin & Associates corporate learning industry report.<sup>3</sup>

BTS' targeted US market segment (corporate learning services for executives, managers and sales organizations) is estimated to have been unchanged or worth USD 4.5 billion.

The weakened demand in both the total market and in BTS' segment reflects the overall negative development in the general economy. Demand for BTS' services continued to show positive

growth through the fourth quarter, with the exception of APG, which showed negative growth of 13 percent during 2009.

The main reasons why BTS has continued to grow faster than the market are the competitive advantages of BTS' services in generating results for its customers and the fact that BTS is serving strategically important projects for most of our customers. BTS has consistently, over many years, grown faster than the corporate learning and development market.

### Market Drivers & Trends

#### ► The strategy-execution gap

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

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

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

As long as employees do not clearly understand which actions they need to take for coworkers and customers to achieve the best results, the organization will find it difficult to change and excel fast enough in order to remain competitive.

This strategy-execution gap is a leadership issue, on top-, mid- and first-line management levels, as well as an engagement issue in the whole organization.

Efficient learning and development investments to increase strategic alignment and capability to execute are key if corporations want to be successful at managing and implementing their strategies.

This is where BTS and its learning and development solutions can play a transformational role: leaders and employees learn how to make the right decisions and take efficient actions that increase corporate performance and bottom-line results.

The 2008 EIU Report<sup>1</sup> findings show that the core issue in most change management processes is people.

2. Global MBA Rankings 2009<sup>®</sup> *Financial Times*.

3. "The Corporate Learning Factbook 2010: Benchmarks, Trends and Analysis of the US Corporate Training Market." January 2010, Bersin & Associates.

## BBVA BANCOMER

*"How will we make account executives understand and communicate the value of their banking solutions to their clients without resorting to negotiating on price?"*

## Sales Force Transformation

The Business and Government branches of BBVA Bancomer have chosen BTS as a partner to implement an effective transformation of its account executives with the aim of improving business results. This transformation will be based on a better understanding of the value their bank solutions provide for clients who face internal and external challenges.



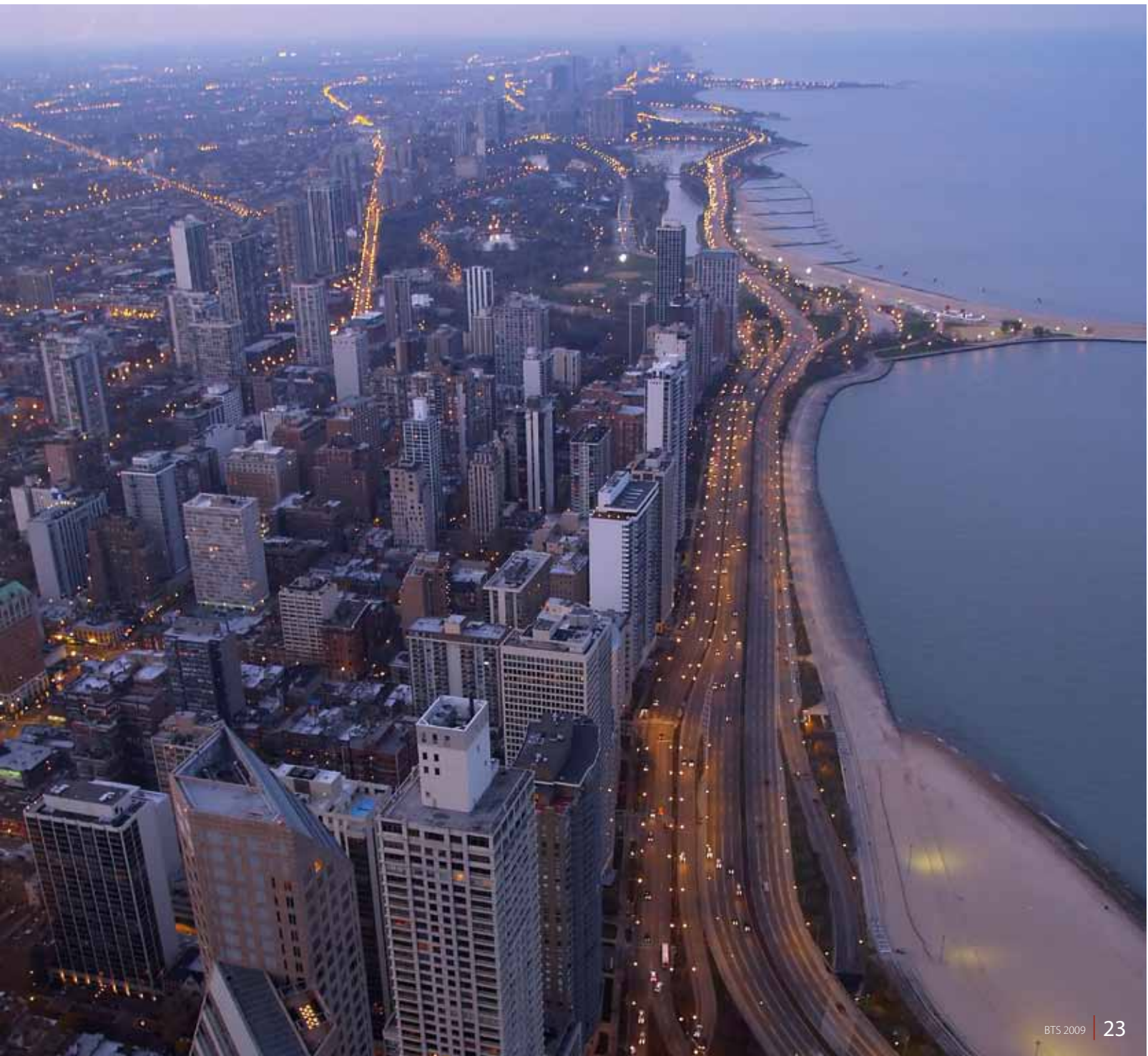


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*In a typical large change program, it is not a matter of sending out the new organization chart or the new budget or the new strategy with a few projects. It is about changing people's behavior, often a lot of people, and this is not trivial.*

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

Professor John P Kotter,  
Harvard Business School



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

### Challenges to Successful Global Management

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

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

- Understanding customers in multiple territories (45 percent)
- Finding high-quality people in multiple territories (35 percent)
- Communicating a single strategic vision (34 percent)
- Managing teams effectively across borders (33 percent)

### Training & Development as the Key Weapon

According to a EIU report<sup>4</sup> cited above, a majority of top executives running global companies consider training and development programs to be the most important way to overcome challenges to global management in order to achieve operational excellence, accelerate change, and improve business results.

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

- Training and development programs (76 percent)
- Placing greater emphasis on performance-based compensation (63 percent)

- Rotation of employees through different functions and departments (38 percent)
- Outsourcing activities to third-party service providers (22 percent)

### Industry Convergence

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

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

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

### Human & Organizational Capital

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

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

### Growing Number of Knowledge Workers

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

According to McKinsey, professional employees, or, knowledge workers, now constitute up to 25 percent or more of the workforce

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

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

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

## SONY

*"How do we create a changeable culture?"*



### To Create a Culture of Change

Fiscal year 2008 proved to be one of the most difficult years in Sony's long history. Intense competition had threatened Sony's relevance and significantly driven down the price of electronics since the dawn of the Digital Age. But no one had expected the yen's sharp rise and its erosion of Sony's overseas business, which accounted for 80 percent of its annual revenue. Compounding the problem, the global economic downturn exposed vulnerabilities that had built up over time despite Sony's past restructuring and cost-cutting efforts. Sony's President and CEO, recognized that Sony would

have to undergo a massive strategic change, recapturing the spirit of innovation so deeply embedded in its DNA, in order to survive.

The goal was to "transform Sony into a more innovative, integrated, and agile global company" by enhancing its competitiveness, improving its profitability, and accelerating its innovation. BTS created a customized learning solution: Navigating Change, which was rolled out to over 600 leaders in two months, taking place in 10 locations, with 24 classroom sessions and four Webinar sessions.





in financial services, health care, high-tech, pharmaceuticals as well as in media and entertainment. Knowledge workers are companies' most valuable employees, which makes it especially important for organizations to keep them engaged.<sup>6</sup>

### Winning the Global Battle for Talent

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

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

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

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

### Competition & BTS' Market Position

#### ► Advantages of discovery-based simulation learning solutions:

##### *Greater Knowledge Retention*

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

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

### "Wise" Decision Makers

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

### Understanding the "Bigger" Picture

Research suggests that discovery-based learning and development such as business simulations have the ability to create "micro worlds" in which participants gain a better understanding of the "bigger" picture of the whole company and its business environment.<sup>9</sup>

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

### Large Potential for Further Growth

The figures in the previously mentioned Bersin & Associates report show the potential for BTS' further growth in the key US market. BTS' targeted US market segment (corporate learning services for executives, managers and sales organizations) is worth around USD 4.5 billion.

This means that BTS' US market share is about 1 percent at present.

BTS expects the demand for corporate learning services to increase during 2010, and that demand for BTS' services will continue to develop positively – due to its competitive and strategic advantages. The long-term growth trend for corporate learning services is estimated to be 5 percent per year.

BTS is currently seeing an increasing demand for its corporate learning and development solutions in markets such as Asia Pacific and Latin America.

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

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

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

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

## KRAFT FOODS

*"How do we help marketers understand the implications of their new, expanded role?"*



## Commercial Transformation

Kraft Foods, the second-largest packaged foods company in the world and the leading packaged foods firm in North America, needed to align their marketers with their new job responsibilities.

As a consequence of the Project One Europe organizational transformation initiative, marketers saw their job responsibilities enlarged to include trade spend budgeting and commercial strategy

setting. BTS partnered with Kraft in the design of a two-day program centered on a business simulation that allowed marketers to quickly and thoroughly understand the consequences of their additional responsibilities and how their commercial decisions had a significant impact in the company's performance and bottom line results.



## Multifaceted Corporate Learning Market

### ► A new type of learning unit focused on business results

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

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

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

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

*"I think this course is very important for every marketer in Kraft, in bringing the balance between what you have as a strategic marketer with the practical skills you need to have as a businessperson in the world of Kraft."*

*Michael Clarke  
Executive Vice President and President,  
Kraft Foods Europe*



## CORE VALUES

# True north

### ► Positive Spirit and Fun

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

### ► Honesty and Integrity

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

### ► Opportunities Based on Merit

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

### ► Putting the Team First

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

### ► Lasting Value for Clients and People

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

### ► Excellence through Professionalism

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



## EMPLOYEES AND ORGANIZATION

# Problems become opportunities to BTS employees

Our corporate culture is the foundation upon which our organization is built. It is a key reason why world-leading companies do business with us and it is why our employees consider BTS a great place to work.

The following are the most powerful aspects of our culture:

### ► Freedom & Responsibility

BTS gives freedom and autonomy to our consultants. They have the freedom to manage their own time when they are on the road, at client sites and in the office. The flip side of this freedom is an enormous amount of client-facing responsibility. Our consultants lead managers and executives at world-class companies through BTS' simulations and experiential learning solutions.

### ► Achievement & Excellence

We believe that if you find the right people, give them freedom and responsibility, they will achieve great results. Our consultants work with the top talent of world-class corporations. Whether we are on stage in front of senior executives, engaged in a client

development meeting with a C-level executive or creating an innovative new simulation application, we believe in delivering excellence. Our unique culture nurtures consultants who are highly motivated to pursue high levels of achievement and excellence.

### ► Fun & Adventure

The very nature of our work is fun. We literally engage in sophisticated, bottom-line-oriented business simulations with highly experienced and capable people from the business world; our clients are managers and executives of leading companies across the globe. Leading 25 top executives through a two- to three-day simulation experience is an adventure that BTS likens to being a tour guide on an "intellectual adventure trip."

## KEY FIGURES, EMPLOYEES

	2009	2008	2007	2006	2005
Number of employees at the end of the year	252	267	230	186	150
Of whom women, %	34	35	36	33	31
Net turnover per employee, KSEK	2,289	2,202	2,479	2,298	2,001





► **Learning Organization**

Teamwork is the foundation upon which BTS is built – and learning is our top priority. We work hard to develop our employees through coaching, mentoring, teamwork and training programs. BTS believes that an organization can grow and improve by “leaders teaching future leaders.” BTS’ employees help each other develop new skills and overcome challenges.

► **Built on Diversity**

We value the diverse background of our employees. Our success is built upon teams of highly talented and diverse professionals who develop and deliver innovative solutions to our global client base. Diversity makes our team environment rich with new perspectives and capabilities.

► **Career Roadmap**

Employees at BTS are evaluated on the value they deliver for the organization – and for our clients. Opportunities are based on merit and employees have the opportunity to move up the career roadmap once they have obtained and demonstrated the necessary skills.

► **New Recruitment**

BTS’ success is largely attributed to recruiting, developing and retaining the best and most engaged employees. The average tenure of a BTS consultant is six to seven years with the company. We believe this is a result of investing heavily in determining a mutual fit. BTS has a clearly defined process for identifying, attracting and retaining top talent with strong potential for development.



## BTS Organization

### ► BTS Group's Four Operational Units

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

#### *BTS North America*

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

#### *BTS Europe*

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

#### *BTS Other Markets*

Mexico City (Mexico), Johannesburg (South Africa), Sydney and Melbourne (Australia), Shanghai (China), Bangkok (Thailand), Singapore (Singapore), Taipei (Taiwan), Seoul (South Korea) and Tokyo (Japan).

#### *Advantage Performance Group (APG)*

APG operates in the US market and delivers performance improvement through sales and leadership training that result in meaningful business impact using its Advantage Way<sup>SM</sup> implementation process.

### Product-Specific Units

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

### ► BTS Interactive

BTS Interactive is responsible for e-learning, on-line and virtual solutions as well as tournaments.

### ► BTS Board Simulations

BTS Board Simulations is responsible for manual board business simulations.

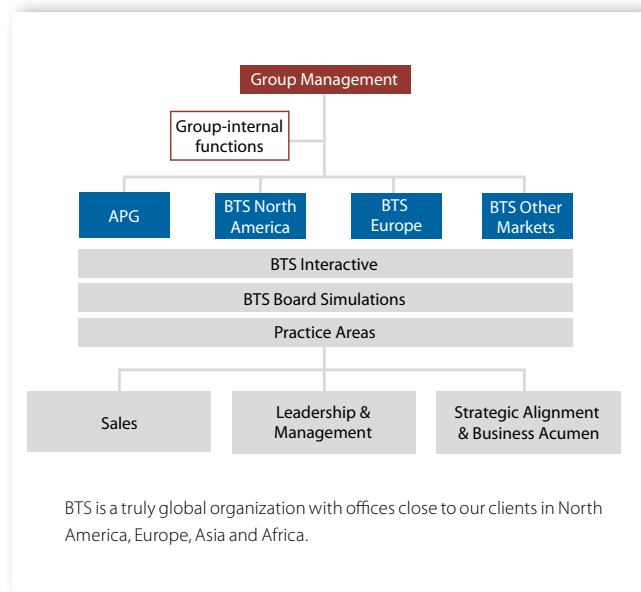
### ► Practice Areas

BTS has three practice areas. Specialists and thought leaders have been gathered within each practice area and are responsible for developing new concepts and solutions as well as the use of best practices across the BTS Group:

- Strategic Alignment & Business Acumen
- Leadership & Management
- Sales

### ► Group-Internal Functions

Group-internal departments cover Group Finance, Investor Relations, Corporate Communications as well as certain IT processes and Human Resources.



## PROCESSES

# Internal efficiency drives excellence

### Product Development

#### ► Efficient Product Development

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

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

#### ► External Product Development

External product development involves developing new learning solutions in the areas of business acumen, leadership, sales and operational excellence. It also encompasses solutions for new media – for example, Web-based business simulations.

BTS strives to conduct its product development efforts in close collaboration with its customers.

#### ► Internal Product Development

Internal product development refers to internal work with BTS development platforms and methodologies, which forms the foundation for creating new learning solutions. BTS' solutions are based on technologies that are generally available on the market: Excel, Visual Basic and Flash, for example. Internal product development is directed towards the following tools:

- BTS Mini Master is a common development environment for all computer-based simulations which, through a high degree of reuse, results in shorter development times and higher quality.

- BTS Document Platform is used for searching and reusing existing documents.
- BTS Flash Platform is used for Web-based simulations.

#### ► Quality Measurement

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

- Initial Quality Survey – This survey is completed by seminar participants at the conclusion of each business simulation to assess the quality of the program. On a scale of 1 to 5, BTS' internal goal is to achieve a score of at least 4.6.
- Verification of Knowledge Transfer & Application – BTS provides a process to verify that participants are applying the skills and knowledge they have acquired. BTS offers customers the opportunity to measure the long-term results of the training. This follow-up shows that 50–90 percent of participants have retained knowledge that they now apply in their everyday work. It also shows that the improvements in business results pay for the customer's investment in the training many times over.

#### ► Quality Assurance

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

#### ► Rights

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



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





## THE ADVANTAGE PERFORMANCE GROUP

# A learning investment creates business results

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

APG's network of around 40 full-time franchise partners and over 100 facilitators work with their clients to achieve verifiable business results. APG was acquired by BTS in September 2006.

### Network and Franchise Model

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

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

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

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

In addition, APG guarantees measurable business impact – not only improved job performance, but bottom-line results through the Advantage Way process. When clients implement The Advantage Way System, their organization will achieve documented business results as well as improved job performance. They will be able to measure the business impact of training – solid proof of its value to their organization.

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

### ► Improving Our Clients' Bottom Line through People Development

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

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

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

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

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

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

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

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

#### *3. More touch points*

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

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



## THE BTS ADVANTAGE WAY<sup>SM</sup> SYSTEM

# Link your investment directly to business results

### Guaranteed Business Impact from Training

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

### The BTS Advantage Way<sup>SM</sup> System

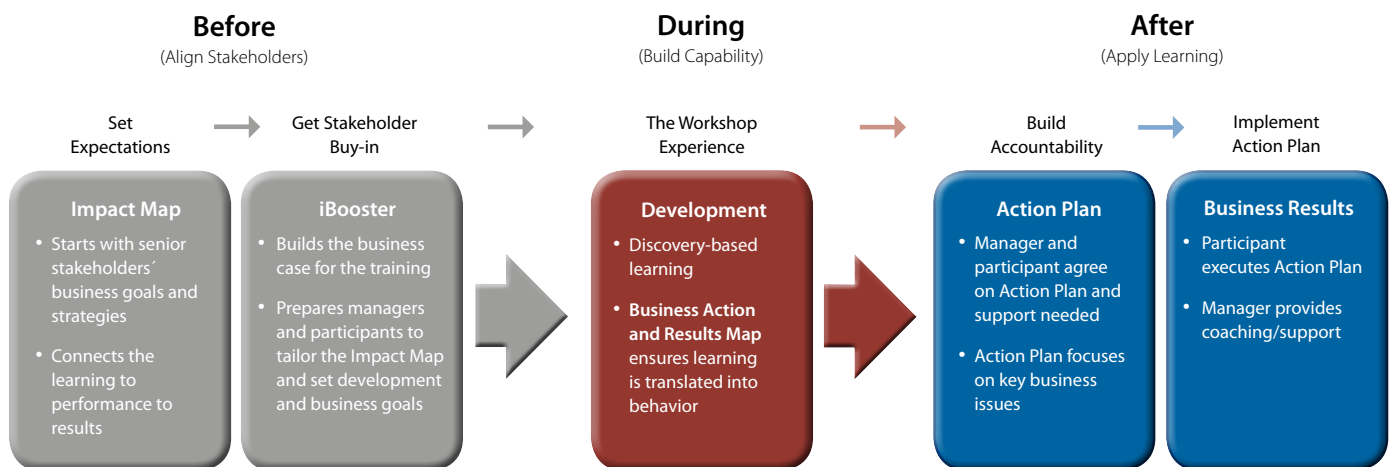
The BTS Advantage Way<sup>SM</sup> System is a unique training effectiveness methodology that ensures the investment in training creates measurable business impact. This scientifically robust methodology is the result of BTS' strategic alliance with Robert O. Brinkerhoff, Ed.D., a world-renowned authority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

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

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

The BTS Advantage Way<sup>SM</sup> System is also easy to implement, enabling organizations to convert learning consistently, quickly, and effectively to maximize their business results.

*"The BTS Advantage Way<sup>SM</sup> User Group members have been able to consistently double or triple the business impact from their training initiatives."*



# BTS's Share

On June 6, 2001, the BTS share was floated on NASDAQ OMX Stockholm in connection with the issue of new stock, raising capital for the Company of SEK 78.1 million after issue expenses.

The share capital totals SEK 6,016,100, distributed among 853,800 Class A shares and 17,194,500 Class B shares, each with a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes, each Class B share one vote. All shares carry equal rights to participate in the Company's assets and profits.

At December 31, 2009, there were 695 (699) shareholders in the Company. Since 2002, BTS Group AB has worked to promote depth in share trading. As part of this strategy, a market maker has been engaged to work to increase interest and trading in BTS's shares.

## Dividend policy

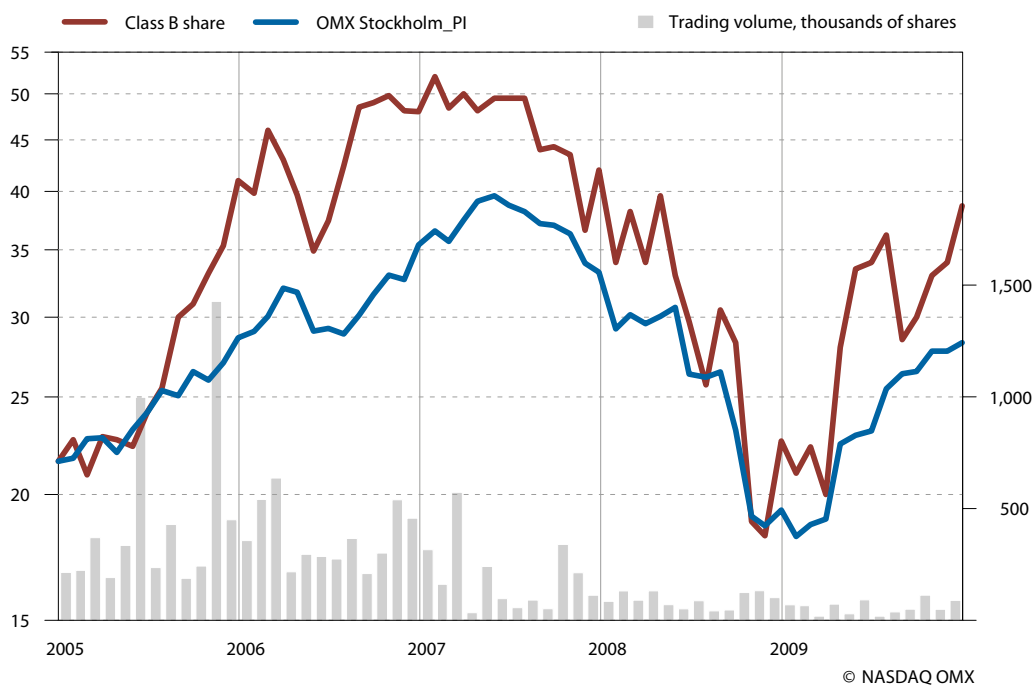
The Company's goal is to distribute 30%–50% of profit after tax in the long run.

SEK	2005 <sup>1</sup>	2006	2007	2008	2009
Share price at December 31	41.00	48.00	42.00	22.60	38.70
Earnings per share, December 31	2.07	2.18	2.71	2.50	2.45
Price/earnings ratio, December 31	19.8	22.0	15.5	9.1	15.8
Cash and cash equivalents per share, December 31	5.72	3.99	3.74	3.65	4.18
Equity per share, December 31	8.56	9.68	11.00	13.90	14.38
Dividend per share	0.92	1.00	1.20	1.20	1.20 <sup>2</sup>

<sup>1</sup> 2005 earnings per share, dividend per share and equity per share have been adjusted using a correction factor of 0.3333 because of the 3:1 split in May 2006.

<sup>2</sup> Proposed dividend.

**BTS Group AB**  
BTS's share price, 2005–2009



## Share capital

Change in capital

Year	Transaction	Increase in share capital, SEK	Share capital, SEK	Class A shares	Class B shares	Total no. of shares	Par value per share, SEK
1999	Formation of the Company	100,000	100,000	439,900	560,100	1,000,000	0.10
1999	New issue	8,200	108,200		82,000	1,082,000	0.10
2001	Stock dividend issue	4,219,800	4,328,000			1,082,000	4.00
2001	4:1 split		4,328,000	1,759,600	2,568,400	4,328,000	1.00
2001	Conversion of Class A to Class B shares			-1,475,000	1,475,000	4,328,000	1.00
2001	New issue	1,500,000	5,828,000		1,500,000	5,828,000	1.00
2002	New issue	69,300	5,897,300		69,300	5,897,300	1.00
2006	3:1 split	69,300	5,897,300	853,800	16,838,150	17,691,900	0.33
2006	New issue	118,800	6,016,100		356,400	18,048,300	0.33

## 10 largest shareholders

Name	No. of Class A shares	No. of Class B shares	Holding	Pctg. holding	Pctg. votes
Henrik Ekelund	816,000	3,191,825	4,007,825	22.21	44.11
Stefan af Petersens	37,800	2,348,774	2,386,574	13.22	10.60
Alecta Pensionsförsäkring	0	1,400,000	1,400,000	7.76	5.44
Stefan Hellberg	0	1,110,420	1,110,420	6.15	4.32
Jonas Åkerman	0	913,800	913,800	5.06	3.55
Lannebo Micro Cap	0	776,000	776,000	4.30	3.02
Swedbank Robur Småbolagsfond Sverige	0	739,948	739,948	4.10	2.88
Länsförsäkringar Småbolagsfond	0	676,833	676,833	3.75	2.63
Investment AB Öresund	0	675,216	675,216	3.74	2.62
Nordea Placeringsfond Garanti	0	599,184	599,184	3.32	2.33
<b>Total for 10 largest shareholders</b>	<b>853,800</b>	<b>12,432,000</b>	<b>13,285,800</b>	<b>73.61</b>	<b>81.50</b>
Other shareholders	0	4,762,500	4,762,500	26.39	18.50
<b>Total</b>	<b>853,800</b>	<b>17,194,500</b>	<b>18,048,300</b>	<b>100</b>	<b>100</b>

# Five-Year Summary

## Income statement

### Consolidated income statements in summary

SEKm	2009	2008	2007	2006	2005
Net turnover	595.1	548.4	523.2	379.1	286.1
Operating expenses	-513.8	-466.2	-432.7	-309.3	-233.6
Depreciation of property, plant, and equipment	-3.2	-2.4	-2.2	-2.1	-1.8
Amortization of intangible assets	-8.3	-9.4	-10.1	-5.3	-2.0
<b>Operating profit</b>	<b>69.8</b>	<b>70.5</b>	<b>78.2</b>	<b>62.4</b>	<b>48.7</b>

## Balance sheet

### Consolidated balance sheets in summary

SEKm	2009	2008	2007	2006	2005
<i>Assets</i>					
Non-current assets	185.1	203.6	187.8	203.7	58.2
Accounts receivable	150.6	147.2	116.0	88.7	64.2
Other current assets	32.0	34.9	25.2	25.6	14.5
Cash and bank balances	75.4	65.9	67.5	72.1	101.1
<b>Total assets</b>	<b>443.1</b>	<b>451.5</b>	<b>396.4</b>	<b>390.1</b>	<b>238.0</b>
<i>Equity and liabilities</i>					
Equity	259.6	250.9	198.6	174.7	151.5
Non-controlling interests	-	-	-	0.5	0.4
Provisions for deferred tax	-	-	-	-	-
Interest-bearing liabilities	52.5	81.9	62.9	80.9	2.1
Non-interest-bearing loans	0.3	0.4	0.1	0.4	0.2
Other non-interest-bearing liabilities	130.7	118.3	134.8	133.6	83.9
<b>Total equity and liabilities</b>	<b>443.1</b>	<b>451.5</b>	<b>396.4</b>	<b>390.1</b>	<b>238.0</b>

## Cash flow

### Consolidated cash flow in summary

SEKm	2009	2008	2007	2006	2005
Cash flow from operating activities	61.3	37.5	42.8	38.7	38.9
Cash flow from investing activities	-4.4	-28.5	-12.2	-140.6	-42.4
Cash flow from financing activities	-46.1	-16.0	-32.8	78.6	-12.3
Translation differences in cash and cash equivalents	-1.3	5.4	-2.4	-5.9	6.5
<b>Cash flow for the year</b>	<b>9.5</b>	<b>-1.6</b>	<b>-4.6</b>	<b>-29.1</b>	<b>-9.3</b>
Cash and cash equivalents, start of year	65.9	67.5	72.1	101.1	110.5
<b>Cash and cash equivalents, end of year</b>	<b>75.4</b>	<b>65.9</b>	<b>67.5</b>	<b>72.1</b>	<b>101.1</b>

## Financial ratios for the Group

SEKm	2009	2008	2007	2006	2005
Net turnover	595.1	548.4	523.2	379.1	286.1
Operating profit (EBIT)	69.8	70.5	78.2	62.4	48.7
Operating margin (EBIT margin), %	11.7	12.8	14.9	16.5	17.0
Operating profit before amortization of intangible assets (EBITA)	78.1	79.8	88.3	67.6	50.8
Operating margin before amortization of intangible assets (EBITA margin), %	13.1	14.6	16.9	17.8	17.7
Profit margin, %	7.4	8.2	9.3	10.2	12.9
Earnings per share, SEK <sup>1</sup>	2.5	2.5	2.7	2.2	2.1
Return on equity, %	17.3	19.9	26.1	23.6	27.4
Return on operating capital, %	27.8	30.6	41.4	52.7	164.7
Operating capital	236.7	266.9	193.9	184.0	52.8
Equity	259.6	250.9	198.6	174.7	151.5
Equity per share <sup>1</sup>	14.4	13.9	11.0	9.7	8.6
Equity/assets ratio, %	58.6	55.6	50.1	44.9	63.8
Dividend per share, SEK <sup>1</sup>	1.20 <sup>2</sup>	1.20	1.20	1.00	0.92
Cash flow	9.5	-1.6	-4.6	-29.1	-9.3
Cash and cash equivalents	75.4	65.9	67.5	72.1	101.1
Number of employees at year-end	252	267	230	186	150
Average number of employees	260	249	211	165	143
Annual net turnover per employee	2.3	2.2	2.5	2.3	2.0

<sup>1</sup> Earnings per share, dividend per share, and equity per share for 2003–2005 have been adjusted using a factor of 0.3333 because of the 3:1 stock split in May 2006.

<sup>2</sup> Proposed dividend.

## Definitions

### Operating margin

Operating profit after amortization/depreciation as a percentage of net turnover.

### Operating margin before amortization of intangible assets (EBITA margin)

Operating profit before amortization of intangible assets as a percentage of net turnover.

### Profit margin

Profit for the period as a percentage of net turnover.

### Earnings per share

Earnings attributable to the Parent Company's shareholders divided by the number of shares.

### Return on equity

Profit after tax on an annual basis as a percentage of average equity.

### Return on operating capital

Operating profit as a percentage of average operating capital.

### Operating capital

Balance sheet total less cash and cash equivalents, other interest-bearing assets, and non-interest-bearing liabilities.

### Equity per share

Equity excluding non-controlling interests divided by the number of shares at the end of the year.

### Equity/assets ratio

Equity as a percentage of the balance sheet total.

### Dividend per share

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

### Annual net turnover per employee

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

### Price/earnings ratio

Price per share divided by earnings per share.



# Management Report

The Board of Directors and CEO of BTS Group AB (publ), corporate identity number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the fiscal year 2009. The consolidated income statement and balance sheet as well as the Parent Company's income statement and balance sheet will be submitted to the Annual General Meeting for adoption.

## Operations

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

## Turnover and profit

BTS's net turnover grew 9% during the year, to SEK 595.1 million (548.4). Adjusted for exchange rate fluctuations, the change was -3%.

Operating profit before amortization of intangible assets (EBITA) declined 2% during the year, to SEK 78.1 million (79.8). SEK 8.3 million (9.3) was charged to 2009 operating profit for amortization of intangible assets attributable to acquisitions. Operating profit declined 1% in 2009, to SEK 69.8 million (70.5).

The operating margin before amortization of intangible assets (EBITA margin) was 13% (15). The operating margin (EBIT margin) was 12% (13). Consolidated profit before tax for the year increased 1%, to SEK 68.3 million (67.6), meeting the forecasts issued during the year.

Net turnover for BTS's operations in North America totaled SEK 307.6 million (254.2) in 2009. Adjusted for changes in exchange rates, revenues increased 4%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 63.8 million (43.8) for 2009. The operating margin before amortization of intangible assets (EBITA margin) was 21% (17).

Net turnover for APG reached SEK 116.0 (115.2) in 2009. Adjusted for changes in exchange rates, revenues decreased 13%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 4.6 million (2.9) for 2009. The operating margin before amortization of intangible assets (EBITA margin) was 4% (3).

Net turnover for Europe totaled SEK 123.3 (138.2) in 2009. Adjusted for changes in exchange rates, revenues decreased 12%. Operating profit before amortization of intangible assets (EBITA)

totaled SEK 6.7 million (30.5) for 2009. The operating margin before amortization of intangible assets (EBITA margin) was 5% (22).

Net turnover for BTS's other markets totaled SEK 48.2 million (40.8) in 2009. Adjusted for changes in exchange rates, revenues increased 8%. Operating profit before amortization of intangible assets (EBITA) totaled SEK 3.0 million (2.6) for 2009. The operating margin before amortization of intangible assets (EBITA margin) was 6% (6).

## Financial position

At the end of the period, cash and cash equivalents were SEK 75.4 million (65.9). The Company's interest-bearing loans, attributable to previously completed acquisitions, totaled SEK 52.3 million (81.7) at the end of the period. Equity totaled SEK 259.6 million (250.9) at year-end, and the equity/assets ratio was 59% (56). BTS's cash flow from operating activities for the year was SEK 61.3 million (37.5). The decrease in goodwill resulted primarily from fluctuations in exchange rates.

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

The Board of Directors proposes that the 2010 Annual General Meeting not change the guidelines for determining salaries and other compensation to the CEO and other senior executives. For the guidelines decided by the 2009 AGM, see Note 7.

## Employees

The number of employees in BTS Group at December 31 was 252 (267). The average number of employees during the year was 260 (249).

## Shareholders

The total number of shares outstanding is 18,048,300, consisting of 853,800 Class A and 17,194,500 Class B shares. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share. The Company's articles of association contain no restrictions on the transfer of shares. The Company has two shareholders, Henrik Ekelund and Stefan af Petersens, whose holdings each exceeded 10% at year-end 2009. Some employees own shares in the Company, but the employees as a whole have no investment through any pension fund or the like. The Company is not aware of any agreements between shareholders that would restrict the right to transfer shares. Neither is there any agreement to which the Company is a party that would take effect, be changed, or cease to apply if control of the Company changed as a result of a public takeover bid.

## Parent Company

The activities of the Parent Company, BTS Group AB, consist exclusively of tasks internal to the Group. The assets of the Parent Company consist primarily of shares in subsidiaries and cash and cash equivalents. The Company's net turnover totaled SEK 2.5 million (2.2), and profit after financial income and expense SEK 16.8 million (10.3). Cash and cash equivalents were SEK 0.1 million (0).

## Outlook for 2010

Profit before tax is expected to be better than the preceding year's.

## Market trends and BTS's strategy for the recession

Demand for training and consulting services has weakened since the preceding year, though demand for BTS's services has been better than for the market as a whole.

The severe recession has had a major impact on many BTS clients. BTS sees itself as having achieved a position significantly better than its competitors', through a well-diversified customer base, underweighting of clients in the industries hardest hit, extremely competitive solutions, and customer projects of a strategic and long-term nature.

BTS's strategy for the recession is based on:

- concentrating sales resources on clients and projects deemed to still have opportunity for growth during the recession,
- adapting the offering to modified demand in the market,
- boosting efficiency, and
- investing for future growth and capitalizing on the opportunities created by the recession.

This strategy worked in 2009, when BTS is deemed to have developed significantly better than the market as a whole. Many of BTS's competitors have reported 20%–40% drops in revenues.

During the fourth quarter of 2009, further positive tendencies were noted in the U.S. market.

Today BTS has the market's most complete range of customized simulation models and a well-developed sales organization while it is the only company in the world that can serve major international corporations globally in this area. BTS can satisfy its current customers' needs for additional services and solutions even more, opening up significant opportunity for growth in the short and long run.

## Information about risk and uncertainty

### Market risks

#### *Sensitivity to economic conditions*

Training is sensitive to economic conditions. Cost-cutting programs and slower growth affect corporate training budgets. Similarly, economic recovery increases willingness to invest in training.

#### *Limited dependence on individual customers*

BTS's 10 largest customers accounted for 33% of its sales in 2009. By striving for a broad customer base, BTS limits its dependence on individual customers.

#### *No sector dominates*

BTS customers are mainly active in nine business sectors: Manufacturing, Telecommunications, Information Technology, Financial Services, Pharmaceuticals & Biotechnology, Retail & Distribution, Services, Energy, and Fast-Moving Consumer Goods (FMCG). The global distribution of its customers' operations helps reduce BTS's exposure to fluctuations in specific industries.

#### *Geographical spread*

Most of BTS's sales in 2009 were in North America (71%), while Europe represented 21%, and other markets 8%. In recent years, BTS has enhanced its presence in markets in Asia, Australia, South Africa, and China, which in the long run will reduce dependency on North American and European markets.

#### *Fragmented competitive situation*

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

### Operational risks

#### *Quality and brands*

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

#### *Intellectual property*

BTS owns all rights to the business simulations it develops for clients, thus retaining the right to reuse general intellectual property, such as software and adaptations, when developing new simulations. For license-based products and solutions, the client purchases the number of licenses needed for the employees participating; that is, when more employees participate, additional licenses must be purchased from BTS.

#### *Securing human resources*

Rapid growth requires intensive recruiting and training of employees. At the same time, it is essential to retain competent and motivated personnel. To meet these requirements, BTS follows an established model for recruiting and skills development.

#### *Dependence on key personnel*

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

#### **Financial risks**

Effective and systematic assessments of financial and commercial risks are vital to BTS. The Group's financial policy specifies guidelines and objectives for managing financial risks within the Group. Financing and risk management have been gathered under the Group finance function. The subsidiaries manage all foreign exchange dealings and credit to clients within the framework of a fixed policy. For details, see Note 2, Significant accounting policies, and Note 20, Financial instruments and financial risk management.

### **Multiple-year review**

Performance for the past five fiscal years is presented below.

SEK thousands	2009	2008	2007	2006	2005
Net turnover	595,062	548,370	523,161	379,097	286,119
Operating expenses	-513,755	-466,183	-432,693	-309,345	-233,582
Depreciation of property, plant, and equipment	-3,176	-2,369	-2,174	-2,127	-1,772
Amortization of intangible assets	-8,268	-9,356	-10,107	-5,270	-2,069
<b>Operating profit</b>	<b>69,863</b>	<b>70,462</b>	<b>78,187</b>	<b>62,355</b>	<b>48,696</b>
Operating margin, %	12	13	15	16	17
Number of employees at year-end	252	267	230	186	150
Average number of employees	260	249	211	165	143
Net turnover per employee	2,289	2,202	2,479	2,298	2,001

### Foreign exchange risks

The currencies with the greatest impact on BTS's earnings are the U.S. dollar (USD), the euro (EUR), and the pound Sterling (GBP). The day-to-day exposure to fluctuations in exchange rates is limited, as revenues and expenses are primarily in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits of changes in the value of USD, EUR, and GBP in relation to the Swedish krona (SEK).

Exchange rate	Percentage change	Change, SEK thousands, full-year 2009
SEK/USD	+/-10%	+/- 5,591
SEK/EUR	+/-10%	+/- 419
SEK/GBP	+/-10%	+/-1,402

### Credit risks

BTS only accepts creditworthy counterparties. BTS's accounts receivable are distributed among a large number of companies operating in different sectors. The maximum credit risk at year-end was SEK 20,869 thousand (5,821), which corresponds to the largest credit exposure to any single group.

### Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents and a reserve in the form of an approved overdraft facility. BTS may borrow funds only with the approval of the Board of Directors. Any excess liquidity in subsidiaries is initially to be used to repay loans. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in market rates that could adversely affect BTS, either through increased costs of borrowing for the Company or through fluctuations in returns on the funds invested at variable interest rates.

### Research and development

The development conducted by BTS during the year centered on customer-specific product development and was therefore expensed directly. No research as defined in IAS 38 has been carried out. For details, see Note 2, Significant accounting policies.

### Events after the close of the fiscal year

No material events occurred after the close of the fiscal year up until the Board's signing of the annual report, and so none have affected the preparation of the balance sheets and income statements.

### Proposed appropriation of earnings Parent Company

The following funds are at the disposal of the Annual General Meeting:

	SEK
Profit brought forward	32,127,407
Profit for the year	16,629,380
<b>Total</b>	<b>48,756,787</b>

### Statement from the Board of Directors on the proposed dividend

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

	SEK
To be distributed to shareholders: SEK 1.20 per share totaling	21,657,960
To be carried forward	27,098,827
<b>Total</b>	<b>48,756,787</b>

It is proposed that the dividend be paid on May 7, 2010.

The proposed dividend to shareholders will reduce the Parent Company's equity/assets ratio six percentage points, to 56%, and the Group's equity/assets ratio three percentage points, to 56%. The equity/assets ratio is deemed sound, as the Company's operations are running profitably. The Board also considers the Company's cash situation satisfactory.

The Board of Directors is of the opinion that the proposed dividend will not prevent the Company from fulfilling its obligations in the short or long run nor from making the requisite investments. Thus the proposed dividend is justifiable in terms of the provisions of Chapter 17, section 3, paragraphs 2–3 of the Swedish Companies Act (prudence rule).

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



# Consolidated Income Statement

SEK thousands	NOTE	2009	2008
Net turnover	10	595,062	548,370
<i>Operating expenses</i>			
Other external expenses	3, 4, 5, 6	-235,868	-233,110
Employee benefit expenses	7	-277,887	-233,073
Depreciation of property, plant, and equipment and amortization of intangible assets	8, 9	-11,444	-11,725
<b>Total operating expenses</b>		<b>-525,199</b>	<b>-477,908</b>
<b>OPERATING PROFIT</b>	10	<b>69,863</b>	<b>70,462</b>
<i>Financial income and expense</i>			
Financial income	11	358	848
Financial expenses		-1,922	-3,724
<b>Total gain/loss on financial income and expense</b>		<b>-1,564</b>	<b>-2,876</b>
<b>PROFIT AFTER FINANCIAL INCOME AND EXPENSE</b>		<b>68,299</b>	<b>67,586</b>
Tax on profit for the year	12	-24,009	-22,548
<b>PROFIT FOR THE YEAR</b>		<b>44,290</b>	<b>45,038</b>
<b>Profit for the year attributable to:</b>			
Parent Company's shareholders		44,290	45,038
<b>Earnings per share</b> (profit for the year attributable to Parent Company shareholders)			
Basic earnings per share, SEK	13	2.45	2.50
No. of shares at year-end		18,048,300	18,048,300
Diluted earnings per share, SEK		2.45	2.50
Proposed dividend per share	14	1.20	1.20

# Consolidated Statement of Comprehensive Income

SEK thousands	NOTE	2009	2008
<b>PROFIT FOR THE YEAR</b>		44,290	45,038
<i>Other comprehensive income</i>			
Translation differences in equity	19	-14,433	28,342
<b>Other comprehensive income for the year, net after tax</b>		<b>-14,433</b>	<b>28,342</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>29,857</b>	<b>73,380</b>
portion attributable to Parent Company shareholders		29,857	73,380

# Consolidated Balance Sheet

SEK thousands	NOTE	12-31-09	12-31-08
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	8	151,787	161,216
Other intangible assets	8	18,830	28,612
<i>Property, plant, and equipment</i>			
Equipment	9	9,174	8,727
<i>Financial assets</i>			
Deferred tax assets	17	1,656	1,926
Other non-current receivables	20	3,654	3,077
<b>Total non-current assets</b>		<b>185,101</b>	<b>203,558</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable	20	150,552	147,184
Tax assets		964	–
Other receivables	20	7,004	6,228
Prepaid expenses and accrued income	18	24,063	28,676
<i>Total current receivables</i>		<i>182,583</i>	<i>182,088</i>
Cash and cash equivalents		75,412	65,887
<b>Total current assets</b>		<b>257,995</b>	<b>247,975</b>
<b>TOTAL ASSETS</b>		<b>443,096</b>	<b>451,533</b>

SEK thousands	NOTE	12-31-09	12-31-08
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	19		
Share capital		6,016	6,016
Other paid-in capital		39,547	39,547
Reserves		-14,348	85
Retained earnings, including profit for the year		228,408	205,260
<b>Total equity</b>		<b>259,623</b>	<b>250,908</b>
<b>Non-current liabilities</b>			
Other liabilities	20	481	616
<b>Current liabilities</b>			
Accounts payable	20	14,806	17,712
Tax liabilities		-	6,029
Other current liabilities	20, 21	57,583	93,520
Accrued expenses and prepaid income	22	110,603	82,748
<b>Total current liabilities</b>		<b>182,992</b>	<b>200,009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>443,096</b>	<b>451,533</b>
Pledged assets and contingent liabilities	23, 24		



# Consolidated Cash Flow Statement

SEK thousands	NOTE	2009	2008
<b>Operating activities</b>			
Operating profit		69,863	70,462
Adjustments for non-cash items			
Depreciation and amortization		11,475	11,749
Other items	16	-1,322	5,357
Interest received	16	358	848
Interest paid	16	-1,922	-3,724
Tax paid for the year		-23,738	-22,838
<i>Cash flow from operating activities before changes in working capital</i>		54,714	61,854
<i>Cash flow from changes in working capital</i>			
Change in accounts receivable		-8,028	-17,831
Change in other operating receivables		5,672	-7,315
Change in accounts payables and other operating liabilities		8,962	798
<i>Cash flow from changes in working capital</i>		6,606	-24,348
<b>Cash flow from operating activities</b>		<b>61,320</b>	<b>37,506</b>
<b>Investing activities</b>			
Acquisition of shares, participations, and operations	16	-927	-23,111
Acquisition of property, plant, and equipment	9	-3,504	-5,461
<b>Cash flow from investing activities</b>		<b>-4,431</b>	<b>-28,572</b>
<b>Financing activities</b>			
Change in bank overdraft facility	16, 21	-24,225	5,634
Change in deposits		-171	57
Dividends to shareholders		-21,658	-21,658
<b>Cash flow from financing activities</b>		<b>-46,054</b>	<b>-15,967</b>
<b>Cash flow for the year</b>		<b>10,835</b>	<b>-7,033</b>
Cash and cash equivalents, start of year		65,887	67,473
Exchange rate differences in cash and cash equivalents		-1,310	5,447
<b>Cash and cash equivalents, end of year</b>	16	<b>75,412</b>	<b>65,887</b>

# Parent Company's Income Statement

SEK thousands	NOTE	2009	2008
Net turnover	3	2,502	2,215
<i>Operating expenses</i>			
Other external expenses	3, 4, 6	-1,203	-1,371
Employee benefit expenses	7	-799	-737
<i>Total operating expenses</i>		-2,002	-2,108
<b>OPERATING PROFIT</b>		<b>500</b>	<b>107</b>
<i>Financial income and expense</i>			
	11		
Gains/losses on other securities and receivables held as non-current assets		17,863	13,526
Interest income and similar profit/loss items		2	5
Interest expenses and similar profit/loss items		-1,598	-3,288
<i>Total gain/loss on financial income and expense</i>		16,267	10,243
<b>PROFIT AFTER FINANCIAL INCOME AND EXPENSE</b>		<b>16,767</b>	<b>10,350</b>
Tax on profit for the year	12	-138	-44
<b>PROFIT FOR THE YEAR</b>		<b>16,629</b>	<b>10,306</b>

# Parent Company Balance Sheet

SEK thousands	NOTE	12-31-09	12-31-08
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>			
	15		
Participations in Group companies		110,914	110,503
Receivables from Group companies		41,111	83,181
<b>Total non-current assets</b>		<b>152,025</b>	<b>193,684</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		2,032	1,270
Tax assets		283	–
Other receivables		6	8
Prepaid expenses and accrued income	18	114	114
<i>Total current receivables</i>		2,435	1,392
Cash and cash equivalents		129	3
<b>Total current assets</b>		<b>2,564</b>	<b>1,395</b>
<b>TOTAL ASSETS</b>		<b>154,589</b>	<b>195,079</b>

SEK thousands	NOTE	12-31-09	12-31-08
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	19		
<i>Restricted equity</i>			
Share capital		6,016	6,016
Statutory reserve		40,726	40,726
<i>Total restricted equity</i>		46,742	46,742
<i>Non-restricted equity</i>			
Retained earnings		32,128	43,259
Profit for the year		16,629	10,306
<i>Total non-restricted equity</i>		48,757	53,565
<b>Total equity</b>		<b>95,499</b>	<b>100,307</b>
<b>Current liabilities</b>			
Accounts payable		144	170
Liabilities to Group companies		7,907	6,705
Tax liabilities		–	40
Other current liabilities	21	50,515	87,569
Accrued expenses and prepaid income	22	524	288
<b>Total current liabilities</b>		<b>59,090</b>	<b>94,772</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>154,589</b>	<b>195,079</b>
Pledged assets and contingent liabilities	23, 24		



# Parent Company's Cash Flow Statement

SEK thousands	NOTE	2009	2008
<b>Operating activities</b>			
Operating profit		500	107
Financial income and expense	16	25	52
Tax paid for the year		-401	-723
<i>Cash flow from operating activities before changes in working capital</i>		124	-564
<i>Cash flow from changes in working capital</i>			
Change in operating receivables		-1,083	210
Change in accounts payables and other operating liabilities		1,572	8,360
<i>Cash flow from changes in working capital</i>		489	8,570
<b>Cash flow from operating activities</b>		<b>613</b>	<b>8,006</b>
<b>Investing activities</b>			
Dividends received from subsidiaries		18,934	10,191
Acquisition of shares and participations	15, 16	-927	-
<b>Cash flow from investing activities</b>		<b>18,007</b>	<b>10,191</b>
<b>Financing activities</b>			
Shareholders' contributions paid	15	-2,692	-1,687
Group contributions		1,000	2,425
Changes in loans		4,856	2,712
Dividends to shareholders		-21,658	-21,658
<b>Cash flow from financing activities</b>		<b>-18,494</b>	<b>-18,208</b>
<b>Cash flow for the year</b>			
Cash and cash equivalents, start of year		3	14
<b>Cash and cash equivalents, end of year</b>	16	<b>129</b>	<b>3</b>

# Changes in Consolidated Equity

SEK thousands	Share capital	Other paid-in capital	Reserves	Retained earnings	Total equity
<b>Opening balance at January 1, 2008</b>	<b>6,016</b>	<b>39,547</b>	<b>-28,257</b>	<b>181,297</b>	<b>198,603</b>
<i>Comprehensive income</i>					
Profit for the year				45,038	45,038
Other comprehensive income					
Translation differences			28,342		28,342
<i>Total comprehensive income</i>	0	0	28,342	45,038	73,380
<i>Transactions with shareholders</i>					
Share-based payments as per IFRS 2				583	583
Dividends to shareholders				-21,658	-21,658
<i>Total transactions with shareholders</i>	0	0	0	-21,075	-21,075
<b>Closing balance at December 31, 2008</b>	<b>6,016</b>	<b>39,547</b>	<b>85</b>	<b>205,260</b>	<b>250,908</b>
<b>Opening balance at January 1, 2009</b>	<b>6,016</b>	<b>39,547</b>	<b>85</b>	<b>205,260</b>	<b>250,908</b>
<i>Comprehensive income</i>					
Profit for the year				44,290	44,290
Other comprehensive income					
Translation differences			-14,433		-14,433
<i>Total comprehensive income</i>	0	0	-14,433	44,290	29,857
<i>Transactions with shareholders</i>					
Share-based payments as per IFRS 2				516	516
Dividends to shareholders				-21,658	-21,658
<i>Total transactions with shareholders</i>	0	0	0	-21,142	-21,142
<b>Closing balance at December 31, 2009</b>	<b>6,016</b>	<b>39,547</b>	<b>-14,348</b>	<b>228,408</b>	<b>259,623</b>

Also see Note 19 Equity.

# Changes in Parent Company Equity

SEK thousands	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
<b>Opening balance at January 1, 2008</b>	<b>6,016</b>	<b>40,726</b>	<b>51,291</b>	<b>11,880</b>	<b>109,913</b>
<i>Appropriation of earnings according to AGM</i>					
Transfer to retained earnings			11,880	-11,880	0
Dividends to shareholders			-21,658		-21,658
Group contributions			2,425		2,425
Tax effect of Group contributions			-679		-679
Profit for the year				10,306	10,306
<b>Closing balance at December 31, 2008</b>	<b>6,016</b>	<b>40,726</b>	<b>43,259</b>	<b>10,306</b>	<b>100,307</b>
<b>Opening balance at January 1, 2009</b>	<b>6,016</b>	<b>40,726</b>	<b>43,259</b>	<b>10,306</b>	<b>100,307</b>
<i>Appropriation of earnings according to AGM</i>					
Transfer to retained earnings			10,306	-10,306	0
Dividends to shareholders			-21,658		-21,658
Share-based payments as per IFRS 2			-516		-516
Group contributions			1,000		1,000
Tax effect of Group contributions			-263		-263
Profit for the year				16,629	16,629
<b>Closing balance at December 31, 2009</b>	<b>6,016</b>	<b>40,726</b>	<b>32,128</b>	<b>16,629</b>	<b>95,499</b>

Also see Note 19 Equity.

# Notes to the Annual Report

## NOTE 1 – General information

The Parent Company is a public limited liability company registered and headquartered in Stockholm, Sweden, at Grevgatan 34. The Parent Company is listed on NASDAQ OMX Stockholm.

The annual report and consolidated financial statements were approved by the Board of Directors on April 7, 2010.

## NOTE 2 – Significant accounting policies

Amounts are stated in SEK thousands unless otherwise indicated.

BTS prepares its consolidated financial statements in compliance with the Annual Accounts Act (ÅRL), the Swedish Financial Reporting Board's recommendation RFR 1.2, Supplementary Accounting Regulations for Groups, and the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union. Unless otherwise stated, these principles were also applied for the multiple-year reviews presented.

The Parent Company has followed the provisions of the ÅRL and RFR 2.2, Accounting for Legal Entities. The Parent Company's shareholdings in subsidiaries are reported using the cost method.

The Group's accounting policies were applied consistently in reporting and consolidating the Parent Company and subsidiaries.

### New and amended IFRS applied by the Group from January 1, 2009

**IFRS 7 (amendment) – Financial Instruments – Disclosures.** The amendment requires expanded information on fair value measurements and liquidity risk. In particular the amendment requires information about fair value measurements by levels in a disclosure hierarchy. The amendment has no impact other than on the presentation.

**IAS 1 (revision) – Presentation of Financial Statements.** The revised standard prohibits the presentation of income and expense items (that is, changes in equity not referring to transactions with shareholders) in the statement of changes in equity but requires that changes in equity not referring to transactions with shareholders be recognized in a statement of comprehensive income. Thus the Group presents all owner-related changes in equity in the consolidated statement of changes in equity, while all changes in equity not referring to transactions with shareholders are recognized in the consolidated statement of comprehensive income. Data for comparison are presented in compliance with the revised standard. The change has no impact other than on the presentation.

**IFRS 2 (amendment) – Share-Based Payment.** The amendment deals with vesting conditions and cancellations. The standard currently has no material impact on the Group's financial statements.

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

When the consolidated financial statements of December 31, 2009, were prepared, several standards and interpretations had been published that are mandatory for the Group's accounts and take effect on or after January 1, 2010.

The Group did not apply any standards in advance when preparing the consolidated financial statements for December 31, 2009.

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

**IAS 1 (amendment) – Presentation of Financial Statements.** The amendment is part of IASB's annual improvements project published in April 2009. The amendment clarifies that the potential settlement of a liability through the issue of shares is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment allows a liability to be classified as non-current (provided that the company has an unconditional right to postpone the settlement by a transfer of cash funds or other assets for at least 12 months after the fiscal year-end) although the counterparty at any time can demand settlement in shares. The Group will apply IAS 1 (amendment) effective January 1, 2010. It is not expected to have any material impact on the Group's financial statements.

**IAS 27 (amendment) – Consolidated and Separate Financial Statements.** This amendment took effect July 1, 2009. The revised standard requires that the effects of all transactions with investors without control be recognized in equity unless the transactions result in some change in the control and these transactions no longer result in goodwill or gains or losses. The standard also specifies that when a parent company loses control, any residual holding shall be remeasured to fair value and a gain or loss recognized in profit or loss. The Group will apply IAS 27 (amendment) prospectively for transactions with investors without control from January 1, 2010.

**IAS 38 (amendment) – Intangible Assets.** The amendment is part of IASB's annual improvements project published in April 2009, and the Group will apply IAS 38 (amendment) starting at the same time as IFRS 3 (revision). This amendment provides clarification for the fair value measurement of an intangible asset acquired in a business combination. According to this amendment, intangible assets may be grouped and treated as one asset if the assets have a similar useful life. This amendment will not have any material impact on the Group's financial statements.

**IFRS 3 (revision) – Business Combinations.** The revision to this standard applies to fiscal years beginning on or after July 1, 2009. The revised standard prescribes that the acquisition method be applied for business combinations but with a few significant changes. One consequence of this is that all payments for acquisitions be recognized at fair value on the acquisition date, while subsequent additional contingent consideration shall be classified as a liability and remeasured through profit or loss. Also, all transaction costs referring to acquisitions shall be expensed. The Group will apply the standard starting with the fiscal year beginning January 1, 2010. The revisions apply prospectively for acquisitions after the date that the revision takes effect and thus will impact accounting for future acquisitions but will not have any impact on acquisitions made previously.

An assessment of other standards and interpretations has so far not found any impact on accounting or any need for further information.

### Consolidated financial statements

The consolidated financial statements include the final accounts for all subsidiaries. A subsidiary is a company in which the Parent Company directly or indirectly holds shares that represent more than 50% of the votes or otherwise exercises control. All subsidiaries are wholly owned. Subsidiaries

are included in the consolidated financial statements effective the date that control is transferred to the Group.

The Group's final accounts are prepared using the acquisition method, by which each subsidiary's equity at the time of its acquisition, defined as the difference between the fair value of assets and liabilities, is eliminated in full. Thus consolidated equity contains only that part of subsidiaries' equity that was earned after the acquisition. The surplus corresponding to the difference between the acquisition cost and the fair value of the Group's share of identifiable acquired assets, liabilities, and contingent liabilities is reported as goodwill.

All intercompany transactions and balance sheet items have been eliminated.

Subsidiaries are run with a high degree of independence, and transactions with the Parent Company account for only a small part of their business. The profits, or losses, and financial positions of all Group companies that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows.

- Assets and liabilities for each of the balance sheets are translated at the closing rate.
- Income and expenses for each of the income statements are translated at the average rate.
- Any resulting exchange rate differences are recognized as a separate component in equity.

When a subsidiary is acquired, additional consideration may be paid. The anticipated additional consideration is determined by assessing whether or not the conditions for payment will be satisfied.

Exchange rates for currencies relevant to the Group

	2009 average	December 31, 2009	2008 average	December 31, 2008
USD	7.65	7.21	6.58	7.75
GBP	11.93	11.49	12.09	11.25
EUR	10.62	10.35	9.61	10.94
ZAR	0.91	0.97	0.80	0.82
AUD	6.01	6.43	5.53	5.36
CHF	7.03	6.95	605.86	734.55

Other currencies have not had a material effect on the consolidated balance sheets or income statements.

### Income/Assignments in progress

Income is recognized on delivery of services to clients based on agreements signed. Sales are recognized net of value-added tax and of any resulting exchange rate differences on sales denominated in a foreign currency.

Income from completed customization/development assignments and the expenses attributable to these assignments are recognized as income and expenses, respectively, in proportion to the degree of completion of the assignment at end of the reporting period (percentage of completion method). The degree of completion of an assignment is determined by comparing the expenses paid up to the end of the reporting period with the estimated total expenses. If the outcome of a service assignment cannot be reliably calculated, the income from that assignment is recognized only to the extent corresponding to the assignment expenses incurred that are likely to be covered by the client. Anticipated losses on assignments are recognized directly as expenses.

### Research and development

Expenditure for customer-specific product development is expensed directly. Expenditure related to development projects (attributable to the

development and testing of new or improved products) is capitalized as an intangible asset to the extent such expenditure can be expected to generate future economic benefits. The Company has not conducted any research or development as defined by IAS 38. The development normally conducted by BTS is customer-specific product development.

### Employee benefits

#### Pensions

The Group has different pension plans in different countries. All are defined-contribution plans, and the assets are managed by external parties. The Company pays fixed fees and has thereby fulfilled its obligations. The costs are charged to consolidated earnings as pension rights are vested.

#### Share-based payment

BTS Group AB issued employee stock options to the Group's employees in 2009. The plan enables employees to acquire stock in the Company. The fair value of the allocated stock options is recognized as an employee benefit expense with a corresponding increase in equity. The fair value is calculated at the time of allocation and is distributed over the vesting period. The fair value of the allocated stock options is calculated using the Black and Scholes model and taking into consideration the conditions prevailing at the time of allocation. The cost recognized corresponds to the fair value of the estimated number of stock options and shares expected to be vested. Social security contributions attributable to share-based payments to employees as compensation for purchased services are expensed and distributed over the periods during which the services are performed. Provisions for social security contributions are based on the stock options' fair value at the time of the report. The fair value is calculated using the same valuation model and parameter values used when the stock options were issued.

### Provisions

A provision is recognized when the Company has a legal or other obligation that it deems will need to be settled, the amount of which can be estimated reliably, and settlement is likely to require resources. Provisions are measured at the present value of what is judged to be required to settle the obligation. The calculation applies a pretax discount rate that reflects current market assessments of the time value of money and the risks associated with the obligation.

### Borrowing

Borrowing expenses are charged to earnings for the period to which they refer, except if the funds were borrowed to acquire an asset, in which case borrowing expenses are included in the asset's acquisition cost.

Borrowings are recognized initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortized cost as per the effective interest method. Non-current liabilities are liabilities with an anticipated duration longer than 12 months. All others are current liabilities.

### Income taxes

Income taxes recognized comprise taxes for the current year that are to be paid or received as well as changes in deferred tax. All tax liabilities and claims are measured at their nominal amounts according to the tax rules and tax rates that have been decided or announced and that most probably will be adopted. Tax effects associated with items recognized in the income statement are also recognized in the income statement. Tax effects associated with items recognized in equity are also recognized in equity.

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

According to the balance sheet method, deferred tax is calculated on all temporary differences between the carrying amount and tax base of assets



and liabilities. Deferred tax assets relating to loss carryforwards or other future tax-effective deductions are recognized to the extent that it is likely they can be used to offset profits for future taxation.

### **Segment reporting**

The Group's risks and opportunities are affected by its being active in different countries. BTS's operations are managed and reported by geographic market. BTS's operating segments consist of the operating units BTS North America, BTS Europe, and BTS Other Markets. Operations are managed and reported within the Group based on these segments. Each subsidiary's share of consolidated turnover is used as a weight for allocating Group-wide overhead.

### **Leases and rental agreements**

When a lease entitles the Company as lessee to all financial benefits and risks attributable to the leased asset, the asset is recognized as a non-current asset in the balance sheet. The corresponding obligation to pay lease charges in the future is recognized as a liability. Assets are depreciated at a rate corresponding to their expected useful life.

A lease in which a significant portion of the risks and benefits associated with ownership are retained by the lessor is classified as an operating lease. Payments made during the term of the lease are expensed in the income statement on a straight-line basis over the period of the lease.

### **Property, plant, and equipment**

Property, plant, and equipment are recognized at acquisition cost less accumulated depreciation and impairment losses, if any. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Planned depreciation is charged on a straight-line basis based on the acquisition cost and the estimated useful life. The following depreciation periods apply for existing assets.

- Equipment and installations, 3–6 years.

The residual value and useful life of the assets are tested annually and adjusted as necessary.

### **Intangible assets**

#### ***Goodwill***

Goodwill consists of the amount by which the acquisition cost of the Group's share of an acquired subsidiary's identifiable net assets at the time of the acquisition exceeds those assets' fair value. The acquisition cost of a subsidiary includes additional contingent consideration only after it is deemed probable that the contingencies will occur. Goodwill is tested annually for impairment and is recognized at acquisition cost less accumulated impairment losses. Gains or losses on the divestment of a unit include the residual carrying amount of the goodwill related to the divested unit.

#### ***Products, technology, and software***

Acquired products, technology, and software have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (2–9 years).

#### ***Franchise contracts***

Acquired franchise contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated period of use (10 years).

#### ***Customer contracts***

Acquired customer contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses.

Amortization is charged on a straight-line basis during the estimated useful life (2–15 years).

### **Brands**

Acquired brands with an indefinite useful life are recognized at acquisition cost less accumulated impairment losses as required. Impairment tests are performed annually or more frequently if impairment is indicated.

Acquired brands with a limited useful life are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (10 years).

### **Impairment**

When there are indications that the carrying amount of any property, plant, equipment, intangible asset, or financial asset exceeds its recoverable amount, an impairment test is performed. The recoverable amount is the higher of an asset's net realizable value and value in use. If it cannot be determined for an individual asset, the recoverable amount of the smallest cash-generating unit to which the asset belongs is calculated.

Each year the Group performs impairment tests on goodwill or brands as follows.

The recoverable amounts are based on value in use, calculated as the present value of future growth and earnings forecasts during multiple years, taking into account extrapolated cash flows beyond this multiyear period. Impairment tests are performed initially on the acquired cash-generating unit alone. If it transpires that the amount recognized exceeds the value in use of the unit, the test is performed on the segments to which goodwill has been allocated.

### **Critical estimates and judgments**

To prepare the financial statements in accordance with IFRS, executive management must make judgments, estimates, and assumptions that affect the application of the accounting policies and the amounts recognized as assets, liabilities, income, and expenses. The estimates and assumptions are based on historical experience and various other factors that appear reasonable in the prevailing circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities that would not be evident from other sources. Actual outcomes may deviate from these estimates and judgments. Estimates and judgments are periodically reviewed. Changes in estimates are recognized in the period in which the change is made if the change affected only that period.

#### ***Impairment tests on goodwill and intangible assets with indefinite useful life***

Each year the Group performs impairment tests on goodwill and intangible assets with indefinite useful life in accordance with the principle described above. Recoverable amounts for cash-generating units have been determined by calculating the value in use. Certain estimates must be made for these calculations; please see Note 8.

#### ***Determination of additional consideration***

To determine anticipated additional consideration, the Group makes realistic estimates of future growth and forecasts earnings for multiple years, separately for each subsidiary acquired.

### **Financial instruments**

Financial assets and liabilities are recognized in the balance sheets whenever there is a contractual right or obligation to receive or remit cash or other financial assets from or to another party, or to exchange one financial instrument for another that proves favorable or unfavorable.

The Group classifies and measures financial instruments in the following categories.

#### **Loan and accounts receivable**

Refers to non-derivative financial assets that are not listed on an active market but have payments that can be determined. These items are included in current assets unless due more than 12 months after the end of the reporting period, in which case they are recognized as non-current assets. BTS's loan and trade receivables are recognized at amortized cost using the effective interest method, less any provisions for impairment. The effective interest method distributes interest income and expenses over the relevant period. The effective interest is the interest rate that exactly discounts the estimated future receipts and disbursements to the financial asset's or liability's net carrying amount. Current receivables such as accounts receivable are deemed reasonably approximate to their fair value, so they are not discounted to present value.

A provision is made for impairment of an account receivable when objective evidence indicates that BTS will not be able to secure payment of the entire amount due as per the original terms of the receivable. Significant financial difficulties of a debtor or the probability of the debtor declaring bankruptcy or undergoing a financial reconstruction are regarded as indications of the possible impairment of an account receivable. The size of the provision is based on the difference between the carrying amount of the asset and the estimated future cash flows. Provisions are made for doubtful accounts receivable after tests in each individual case.

#### **Cash and cash equivalents**

Cash and cash equivalents are cash and demand deposits at banks and similar institutions, plus current liquid investments with a duration less than three months from the date of acquisition.

#### **Financial liabilities**

Financial liabilities held during the year are measured at amortized cost using the effective interest method. Current liabilities such as trade payables are deemed reasonably approximate to their fair value, so they are not discounted to present value.

#### **Transactions in foreign currencies**

Items in the financial statements for each Group company are measured in the currency used where that subsidiary conducts its main business activities (functional currency). Swedish krona (SEK), the Parent Company's functional currency and presentation currency, is used in the consolidated accounts.

Receivables and liabilities denominated in foreign currency are measured at the exchange rate at the end of the reporting period, and any resulting differences are recognized in profit or loss. Exchange rate differences on operating receivables and liabilities are recognized in operating profit, while exchange rate differences attributable to financial assets and liabilities are recognized as financial income and expense.

#### **Cash flow statement**

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

The category of cash and cash equivalents includes, apart from cash and bank balances, current financial investments that are exposed to an insignificant risk of fluctuation in value and are traded in an open market at known amounts, or that have a duration less than three months from the end of the reporting period.

## **NOTE 3 – Transactions with related parties**

### **Purchases and sales between Group companies**

#### **Group**

Market terms and conditions apply to the supply of services between subsidiaries. There have been no other transactions with related parties.

#### **Parent Company**

Of the Parent Company's total purchasing expenses and sales income, 0% (0) of purchases and 100% (100) percent of sales refer to other Group companies.

## **NOTE 4 – Information about auditors' fees**

### **Fees and remuneration**

SEK thousands	Group		Parent Company	
	2009	2008	2009	2008
<i>ÖhrlingsPricewaterhouseCoopers</i>				
Audit assignments	575	469	225	202
Other assignments	–	–	–	–
<i>Other auditors</i>				
Audit assignments	552	429	–	–
Other assignments	93	24	–	–
	<b>1,220</b>	<b>922</b>	<b>225</b>	<b>202</b>

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

## **NOTE 5 – Leases and rental agreements**

### **Group**

The Group has no financial leases. Expenses for operating leases totaled 21,210 (17,024) for the year. Future leasing and rental fees for operating leases expiring more than one year hence are as follows.

	SEK thousands
2010	16,985
2011	10,856
2012	7,597
2013	5,301
2014	4,504
Later	4,398
<b>Total</b>	<b>49,641</b>

## NOTE 6 – Exchange rate differences in operating profit

SEK thousands	Group		Parent Company	
	2009	2008	2009	2008
Impact of exchange rate differences on operating profit	1,616	1,123	75	107

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

### Average number of employees

Group	2009		2008	
	Number of employees	Of which men	Number of employees	Of which men
Subsidiaries				
Sweden	27	16	36	23
Finland	13	11	13	12
Norway	1	1	–	–
Belgium	6	3	6	3
Switzerland	2	1	2	1
Spain	17	10	18	10
United Kingdom	17	12	10	7
United States	130	83	133	83
Australia	16	14	20	16
Mexico	5	4	1	1
Singapore	3	3	1	1
South Africa	13	7	9	4
Taiwan	1	1	–	–
Thailand	1	–	–	–
<b>Total for the Group</b>	<b>252</b>	<b>166</b>	<b>249</b>	<b>161</b>

### Distribution of senior executives by sex

	2009		2008	
	Women	Men	Women	Men
CEO and other senior executives (excl. the Board)	0	3	0	3
Board	1	4	1	3

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

### Parent Company

The Parent Company had no employees in 2009.

### Salaries, other compensation, and social security contributions

#### Group

SEK thousands	2009		2008	
	Salaries and compensation	Social security contributions of which pension expenses	Salaries and compensation	Social security contributions of which pension expenses
Subsidiaries	246,736	29,572	196,327	29,106
	<b>8,197</b>		<b>8,937</b>	

Pension expenses for employees who are president of or a member of the board of a Group company totaled 1,632 (1,595). All pension plans are defined-contribution plans.

### Board fees

#### Parent Company

The CEO is a member of the Board but receives no Board fee. Other members of the Board in the Parent Company have received compensation only in the form of Board fees.

SEK thousands		2009	2008
Michael Grindfors	Chairman of the Board	183	–
Mariana Burenstam Linder	Member	125	125
Stefan Gardefjord	Member	125	125
Dag Sehlin	Member (Chairman through April 2009)	175	275
Tomas Franzén	Member	–	31
<b>Total</b>		<b>608</b>	<b>556</b>

For the CEO, see the figures for compensation to senior executives below.

### Salaries and other compensation by country and divided between Board members and others

#### Group

SEK thousands	2009		2008	
	Board and CEO	Other employees	Board and CEO	Other employees
<i>In Sweden</i>				
Parent Company	608	–	556	–
Subsidiaries	2,780	21,443	3,229	22,982
<b>Total Sweden</b>	<b>3,388</b>	<b>21,443</b>	<b>3,785</b>	<b>22,982</b>
<i>Outside Sweden</i>				
United States	10,685	152,312	6,662	116,066
Europe	10,256	27,055	10,800	19,210
Other	2,545	19,052	1,370	15,452
<b>Total outside Sweden</b>	<b>23,486</b>	<b>198,419</b>	<b>18,832</b>	<b>150,728</b>
<b>Total for the Group</b>	<b>26,874</b>	<b>219,862</b>	<b>22,617</b>	<b>173,710</b>

### Terms of employment and compensation for senior executives

#### Guidelines for compensation and other terms of employment for senior executives

The Company shall employ persons under conditions and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's objectives. When employing persons outside Sweden, the Company shall comply with each country's generally accepted terms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 30% of the fixed basic salary. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs. Only the CEO in the Parent Company is entitled to a severance package, corresponding to 12 months' salary if the Company terminates his employment contract.

The Board is entitled to deviate from the above policies in individual cases under special circumstances. The Board intends to propose to the AGM that the policies remain unchanged in 2010.

### Compensation and benefits

"Other senior executives" refers to the two (two in 2008) people who, with the CEO, constitute the Group management team. The sum includes basic salary, other benefits, variable compensation, and pension expenses.

Other benefits consist exclusively of company cars. The sum total of compensation paid to senior executives was 14,566 (10,229), of which pension expenses were 1,321 (1,167). All pension plans are defined-contribution plans.

The CEO Henrik Ekelund was paid salary and other benefits totaling 3,320 (2,468), including 586 (114) in variable compensation. Variable compensation is calculated using a model that triggers payment when Group earnings exceed predefined profitability targets. The CEO has a defined-contribution pension entitlement equal to 25% (25) of his fixed salary, paid in the form of pension insurance entitling the CEO to a pension from the age of 65.

The CEO's employment contract states a mutual period of notice of six months. In addition, if the Company terminates the CEO's employment contract, the CEO is entitled to a severance package corresponding to 12 months' salary. None of the other senior executives is entitled to a severance package.

Other senior executives have been paid salaries and other benefits totaling 9,925 (6,594), of which variable remuneration was 5,628 (2,770). Variable compensation is based on targets achieved by the Company and the individual. Provisions to pensions are made individually at 13%–20% of the fixed salary and paid in the form of pension insurance entitling the executive to a pension from the age of 65.

### Share-based payment

#### The 2006/2010 and 2009/2013 employee stock option plans

In 2006, the BTS Group issued employee stock options to the Group's employees. The 2009 Annual General Meeting voted on the 2009/2013 employee stock option plan.

A maximum of 50,000 employee stock options per person may be allocated to senior executives, and a maximum of 25,000 per person to other employees. No more than 150 people in all may be allocated employee stock options. No options shall be allocated to Board members elected by the AGM who are not employees of the Company or any other Group company or to the CEO of the Parent Company. To be allocated 2009 employee stock options, an employee must waive all rights to options allocated in the 2006/2010 program, which are thus forfeited in full.

The 2009/2013 employee stock option plan is as extensive overall as the 2006/2010 plan and comprises a maximum of 840,000 employee stock options, entitling employees in the United States to acquire a maximum of 495,000 Class B shares and employees in other countries, including Sweden, a maximum of 345,000 Class B shares.

Each employee stock option allocated to an employee entitles the holder to acquire one Class B share in BTS at an exercise price of SEK 37.70. Each employee stock option is valid for four years. The options have vesting conditions, such that a portion can be exercised each of the three years following allocation. Normally one-third of the total number allocated vests each year, provided that certain financial goals set by the Company's Board have been attained. For all employee stock options in any particular year to be exercisable, the Company's Board has determined that the operating margin before amortization of intangible assets (EBITA margin) must be no less than 14% in that year. If the EBITA margin falls short of 14%, fewer options can be exercised. If the EBITA margin falls short of 10%, none can be exercised. Employee stock options that cannot be exercised are forfeited.

Holders must be employed by the Company when they exercise their stock options, which can be done after the options have been vested, from September 1, 2010, through June 30, 2013, inclusive.

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

	2009		2008	
	Average exercise price per share, SEK	Options (thousands)	Average exercise price per share, SEK	Options (thousands)
At January 1	49.55	736	49.82	775
Forfeited	49.55	-736	55.00	-39
Allocated	37.70	840	-	-
Forfeited	37.70	-61	-	-
At December 31	37.70	779	49.55	736

The value of the employee stock options was calculated using the Black and Scholes model based on the share price and other market conditions at August 31, 2009, without taking into account vesting limitations. Considering the performance conditions and assuming annual staff turnover of 5%, the accounting charge was estimated at a total of SEK 1.6 million, which is being expensed in annual installments over the vesting period as per IFRS 2. The expense for the fiscal year was 405 (583). Other important parameters in the model include the volume-weighted share price paid on the 10 trading days preceding allocation (SEK 29.00), the exercise price stated above, volatility of 33%, the anticipated dividend of SEK 1.20, and risk-free interest rates of 1.28%, 1.56%, and 1.85% for maturities of 2.5, 3.0, and 3.5 years, respectively.

Social security contributions will be recognized as expenses during the vesting period. During the vesting period, provisions for social security contributions will be accumulated as necessary. The amounts for these provisions and thus the expense recognized will be remeasured continuously based on changes in the value of the employee stock options. The employee stock options allocated to U.S. employees may be incentive stock options (ISOs), so that under current legislation they will not be subject to social security contributions.

To be able to carry out the employee stock option plan in a cost-effective and flexible manner and to cover future expenses (mainly social security contributions), the AGM of April 29, 2009, also approved a private placement of warrants with the wholly owned Swedish subsidiary BTS Sverige AB, corp. id. no. 556566-7127. These warrants entitle BTS Sverige AB to subscribe for a maximum of 943,500 Class B shares, with the company having the right and obligation to transfer or in some other way dispose of the warrants in order to secure the obligations of the Company or of another company employing people in the employee stock option plan to cover any resulting future expenses.

Assuming that all warrants as above are exercised to subscribe for new shares, the Company's share capital will increase 314,500, resulting in dilution of no more than approximately 5% of the share capital and no more than approximately 4% of the number of votes for all shares.

## NOTE 8 – Intangible assets

### Goodwill

#### Group

SEK thousands	12-31-09	12-31-08
Accumulated acquisition cost, opening balance	161,216	145,093
Purchases	927	-
Translation difference	-10,356	16,123
Accumulated acquisition cost, closing balance	151,787	161,216
Carrying amount, closing balance	151,787	161,216

**Other intangible assets**

SEK thousands	12-31-09	12-31-08
<i>Franchise contracts</i>		
Accumulated acquisition cost, opening balance	9,585	7,996
Purchases	–	–
Translation difference	–668	1,589
Accumulated acquisition cost, closing balance	8,917	9,585
Accumulated amortization, opening balance	1,451	677
Amortization for the year	595	639
Translation difference	–101	135
Accumulated amortization, closing balance	1,945	1,451
Carrying amount, closing balance	6,972	8,134

SEK thousands	12-31-09	12-31-08
<i>Products, technology, and software</i>		
Accumulated acquisition cost, opening balance	33,684	28,153
Purchases	–	–
Translation difference	–2,319	5,531
Accumulated acquisition cost, closing balance	31,365	33,684
Accumulated amortization, opening balance	25,541	13,696
Amortization for the year	6,133	9,138
Translation difference	–1,752	2,707
Accumulated amortization, closing balance	29,922	25,541
Carrying amount, closing balance	1,443	8,143

SEK thousands	12-31-09	12-31-08
<i>Customer contracts</i>		
Accumulated acquisition cost, opening balance	4,614	3,864
Purchases	–	–
Translation difference	–314	750
Accumulated acquisition cost, closing balance	4,300	4,614
Accumulated amortization, opening balance	1,484	972
Amortization for the year	314	337
Translation difference	–96	175
Accumulated amortization, closing balance	1,702	1,484
Carrying amount, closing balance	2,598	3,130

SEK thousands	12-31-09	12-31-08
<i>Brands</i>		
Accumulated acquisition cost, opening balance	11,056	9,244
Purchases	–	–
Translation difference	–759	1,812
Accumulated acquisition cost, closing balance	10,297	11,056
Accumulated amortization, opening balance	1,851	864
Amortization for the year	758	815
Translation difference	–129	172
Accumulated amortization, closing balance	2,480	1,851
Carrying amount, closing balance	7,817	9,205
Total closing balance, carrying amount of other intangible assets	18,830	28,612

**Impairment tests**

Goodwill and other intangible assets are allocated among the cash-generating units expected to benefit from the synergies of business acquisitions. The recoverable amounts are based on the value in use, calculated as the present value of future growth and earnings forecast for four years, and on cash flows extrapolated beyond that four-year period. Impairment tests are performed initially on the acquired cash-generating unit alone. If it transpires that the amount recognized exceeds the value in use of the unit, the test is performed on the primary segments to which goodwill has been allocated.

Material assumptions used to calculate values in use:

- budgeted operating margin
- growth rate to extrapolate cash flows beyond the budget period
- discount rate applied for estimated future cash flows.

The budgeted operating margin has been determined based on previous performance and expectations of future market trends. To extrapolate cash flows beyond the budget period, a growth rate of 3%–5% was assumed, which is judged to be a conservative estimate. Also, an average discount rate in local currency after tax was used for the calculations. On the whole, the discount rate used is in the interval 9.4%–11.1%.

Following impairment tests and sensitivity analyses, no impairment was indicated at December 31, 2009.

A sensitivity analysis was performed for each cash-generating unit, the results of which are given below.

- If the estimated operating margin was 10% less than the basic assumption, the overall recoverable amount would decrease 11%.
- If the estimated growth rate for extrapolating cash flows beyond the budget period was 10% less than the basic assumption of 3%–5%, the overall recoverable amount would decrease 5%.
- If the estimated weighted cost of capital used for the discounted cash flows for the Group was 10% more than the basic assumption of 9.4%–11.1%, the overall recoverable amount would decrease 15%.

These calculations are hypothetical and should not be seen as any indication that these factors are more or less likely to change. The sensitivity analyses should therefore be interpreted with caution. None of the hypothetical cases above would indicate impairment of any individual cash-generating unit.

**Distribution of goodwill and other intangible assets by segment Group**

SEK thousands	12-31-09			Total
	North America	Europe	Other markets	
Goodwill	137,853	10,696	3,238	151,787
Franchise contracts	6,972	–	–	6,972
Products, technology, and software	1,443	–	–	1,443
Customer contracts	2,598	–	–	2,598
Brands	7,195	622	–	7,817
<b>Total</b>	<b>156,061</b>	<b>11,318</b>	<b>3,238</b>	<b>170,617</b>



SEK thousands				12-31-08
	North America	Europe	Other markets	Total
Goodwill	148,174	10,731	2,311	161,216
Franchise contracts	8,134	–	–	8,134
Products, technology, and software	8,143	–	–	8,143
Customer contracts	3,130	–	–	3,130
Brands	8,549	656	–	9,205
<b>Total</b>	<b>176,130</b>	<b>11,387</b>	<b>2,311</b>	<b>189,828</b>

## NOTE 9 – Property, plant, and equipment

### Equipment

#### Group

SEK thousands	12-31-09	12-31-08
Accumulated acquisition cost, opening balance	23,352	16,925
Purchases	3,488	5,759
Sales and disposals	–744	–547
Translation difference	162	1,215
Accumulated acquisition cost, closing balance	26,258	23,352
Accumulated depreciation, opening balance	14,625	11,608
Sales and disposals	–738	–256
Depreciation for the year	3,082	2,665
Translation difference	115	608
Accumulated depreciation, closing balance	17,084	14,625
Carrying amount, closing balance	9,174	8,727

## NOTE 10 – Segment reporting

### Group

The Group's operations are managed and reported by geographic market, based on the location of the main operating unit. BTS's operating segments consist of the operating units BTS North America, BTS Europe, and BTS Other Markets, which mainly develop and deliver the solutions sold in each market. The exceptions are web solutions developed by BTS Interactive. Operating units invoice one another for services based on time expended and on market terms.

Shared Group expenses are invoiced, and amortization of intangible assets is distributed among the operating units.

SEK thousands	North America		Europe		Other markets		Eliminations & unallocated		Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<i>Income</i>										
External sales	423,596	369,468	123,262	138,205	48,204	40,697			595,062	548,370
Internal sales	16,298	15,612	30,752	33,400	4,668	2,656	–51,718	–51,668	–	–
Total income	439,894	385,080	154,014	171,605	52,872	43,353	–51,718	–51,668	595,062	548,370
<i>Operating profit</i>										
Operating profit	60,179	37,871	6,678	30,018	3,006	2,573			69,863	70,462
Financial income							358	848	358	848
Financial expenses							–1,922	–3,724	–1,922	–3,724
Tax on profit for the year							–24,009	–22,548	–24,009	–22,548
Profit for the year									44,290	45,038
<i>Other information</i>										
Assets	338,764	337,333	75,962	90,613	27,838	23,461	532	126	443,096	451,533
Liabilities	106,393	79,617	17,922	30,372	7,974	5,477	51,184	85,159	183,473	200,625
Investments	1,735	25,750	1,993	1,108	703	1,714			4,431	28,572
Depreciation of property, plant, and equipment	1,701	1,235	867	785	608	349			3,176	2,369
Amortization of intangible assets	8,268	8,855	–	501	–	–			8,268	9,356

## NOTE 11 – Financial income and expense

Group		
SEK thousands	2009	2008
Interest income	345	1,098
Foreign exchange gains	13	–
Foreign exchange losses	–	–250
	358	848
Interest expenses	–1,922	–3,724
<b>Total gain/loss on financial income and expense</b>	<b>–1,564</b>	<b>–2,876</b>

### Parent Company

SEK thousands	2009	2008
<i>Gains/Losses on other securities and receivables held as non-current assets</i>		
Dividends from subsidiaries	18,934	10,191
Interest income from subsidiaries	1,607	3,585
Impairment loss on loan in subsidiary	–2,692	–
Foreign exchange gains	14	–
Foreign exchange losses	–	–250
	17,863	13,526
Interest income and similar profit/loss items	2	5
Interest expenses and similar profit/loss items	–1,598	–3,288
<b>Total gain/loss on financial income and expense</b>	<b>16,267</b>	<b>10,243</b>

## NOTE 12 – Tax on profit for the year

Group		
SEK thousands	2009	2008
Current tax for the year	–23,957	–21,679
Deferred tax relating to temporary differences	–52	–869
<b>Total</b>	<b>–24,009</b>	<b>–22,548</b>

### Parent Company

SEK thousands	2009	2008
Current tax for the year	–401	–723
Tax effect of Group contributions	263	679
<b>Total</b>	<b>–138</b>	<b>–44</b>

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

### Reconciliation of effective tax

Group		
SEK thousands	2009	2008
Profit before tax	68,299	67,586
Tax expense based on Swedish income tax rates	–17,963	–18,924
Effects of different tax rates	–5,439	–2,689
Non-deductible expenses	–1,124	–310
Non-taxable income	1,656	529
Tax attributable to previous years	–1,139	–285
Effective tax recognized	–24,009	–21,679
<i>Effective tax rate</i>	35.2%	32.1%

### Parent Company

SEK thousands	2009	2008
Profit before tax	16,767	10,350
Tax expense based on Swedish income tax rates	–4,410	–2,898
Dividends from subsidiaries	4,980	2,854
Impairment loss on loan in subsidiary	–708	–
Non-deductible expenses	–	–
Effective tax recognized	–138	–44
<i>Effective tax rate</i>	0.8%	0.4%

## NOTE 13 – Earnings per share

### Group

#### Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to Parent Company shareholders with the weighted average number of common stock on issue during the period.

	2009	2008
Profit for the year attributable to Parent Company shareholders, SEK thousands	44,290	45,038
Average number of shares, basic (thousands)	18,048	18,048
Basic earnings per share, SEK	2.45	2.50

#### Diluted earnings per share

In calculating the diluted earnings per share, the weighted average number of common stock on issue is adjusted for the dilution effect of all potential common stock. The Parent Company has stock options as potential stock with a dilution effect. The stock options give rise to a dilution effect when the average price of common stock during the period exceeds the exercise price for the options.

	2009	2008
Profit for the year attributable to Parent Company shareholders, SEK thousands	44,290	45,038
Average number of shares, diluted (thousands)	18,111	18,048
Diluted earnings per share, SEK	2.45	2.50

The average price of common stock during 2009 was SEK 37.25 per share, which exceeded the present value of the exercise price for the options, thus resulting in potential dilution of 62,522 shares.

## NOTE 14 – Dividend per share

Dividends paid in 2009 totaled SEK 21,658 thousand (SEK 1.20 per share). Dividends for 2008 totaled SEK 21,658 thousand (SEK 1.20 per share). At the AGM to be held April 29, 2010, a dividend for fiscal 2009 of SEK 1.20 per share, totaling SEK 21,658 thousand, will be proposed. The proposed dividend was not recognized as a liability in these financial statements.

## NOTE 15 – Financial assets

### Participations in Group companies

#### Parent Company

	No. of shares	Pctg. equity	Carrying amount 12-31-09	Carrying amount 12-31-08
			SEK thousands	SEK thousands
Parent Company holdings				
BTS Sverige AB	5,000	100	7,672	7,838
Corp. id. no. 556566-7127				
Domicile: Stockholm				
BTS USA, Inc.	1,000	100	78,084	78,396
Corp. id. no. 06-1356708				
Domicile: Connecticut				
BTS in London Ltd.	5,000	100	6,901	6,901
Corp. id. no. 577 1376 13				
Domicile: London				
Business Training Systems A/S	100	100	94	94
Corp. id. no. 957 694 187				
Domicile: Oslo				
Catalysts for profitability and growth Ltd	1,000	100	1	1
Corp. id. no. 1998/010779/07				
Domicile: Centurion				
BTS Finland AB	1,000	100	100	100
Corp. id. no. 556583-1673				
Domicile: Stockholm				
BTS Australasia Pty Ltd	45,050	100	3,982	3,092
Corp. id. no. 099 066 501				
Domicile: Sydney				
Business Training Solutions S.L.	1,031	100	7,979	7,979
Corp. id. no. B95138160				
Domicile: Bilbao				
BTS Management SA	1,000	100	673	673
Corp. id. no. 01 73.802 11				
Domicile: Geneva				
Business Game Factory Oy	90,750	100	4,841	4,841
Corp. id. no. 1807788-2				
Domicile: Helsinki				
BTS Brussels NV	620,000	100	587	587
Corp. id. no. 878.155.648				
Domicile: Brussels				
<b>Total shares in subsidiaries</b>			<b>110,914</b>	<b>110,503</b>
Acquisition cost, opening balance			110,503	108,816
Share-based payments as per IFRS 2			-516	-
Investments/Acquisitions			927	1,687
<b>Closing acquisition cost</b>			<b>110,914</b>	<b>110,503</b>

#### Parent Company

SEK thousands	12-31-09	12-31-08
<i>Receivables from Group companies</i>		
Carrying amount, opening balance	83,181	66,811
<i>Change for the year</i>		
Lending	-	5,174
Repayments	-36,308	-2,509
Translation differences	-3,317	13,705
Impairment losses	-2,445	-
<b>Carrying amount, closing balance</b>	<b>41,111</b>	<b>83,181</b>

## NOTE 16 – Cash flow information

#### Group

SEK thousands	2009	2008
<i>Other items</i>		
Share-based payments as per IFRS 2	516	583
Exchange rate differences recognized directly in equity	-1,838	4,774
<b>Total</b>	<b>-1,322</b>	<b>5,357</b>

SEK thousands	Group		Parent Company	
	2009	2008	2009	2008
<i>Financial income and expense</i>				
Interest income	345	1,098	1,609	3,590
Foreign exchange gains	13	-	14	-
Foreign exchange losses	-	-250	-	-250
	358	848	1,623	3,340
Interest expenses	-1,922	-3,724	-1,598	-3,288
<b>Total</b>	<b>-1,564</b>	<b>-2,876</b>	<b>25</b>	<b>52</b>

SEK thousands	2009	2008
<i>Investing activities</i>		
Additional consideration, APG & RLC	-	-23,111
Purchase price, acquisition of non-controlling interests		
BTS Australasia	-927	-
<b>Total</b>	<b>-927</b>	<b>-23,111</b>

#### Additional consideration, APG and RLC

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

#### Purchase price, acquisition of non-controlling interests

In 2002, BTS Australasia PTY Limited was acquired, after which the Group owned 90.1% of the subsidiary. In 2007, the remaining 9.9% was acquired, and BTS Australasia PTY Limited is now wholly owned, as the other subsidiaries are. The final additional consideration for the purchase was paid in 2009.

**NOTE 17 – Deferred tax assets and liabilities****Group**

SEK thousands	12-31-09	12-31-08
Deferred tax assets that can be applied within 12 months	746	793
Deferred tax assets that can be applied after more than 12 months	910	1,133
<b>Total deferred tax assets</b>	<b>1,656</b>	<b>1,926</b>

No deferred tax liabilities were recognized for temporary differences attributable to shares or participations in subsidiaries, because BTS can control the date of reversal of such temporary differences, and it is likely that such reversals will not occur within the foreseeable future.

**NOTE 18 – Prepaid expenses and accrued income****Group**

SEK thousands	12-31-09	12-31-08
Accrued income	11,829	13,648
Prepaid rent	1,870	1,701
Other items	10,364	13,327
<b>Total</b>	<b>24,063</b>	<b>28,676</b>

**Parent Company**

SEK thousands	12-31-09	12-31-08
Other items	114	114

**NOTE 19 – Equity**

The share capital consists of 853,800 Class A shares and 17,194,500 Class B shares, totaling 18,048,300 shares with a quotient value of SEK 6,016,100. Each share has a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

The equity in all Group companies that have a functional currency different from the reporting currency is translated into the reporting currency (SEK). Translation differences arise if the SEK exchange rate for a functional currency at the end of the period is different from its rate at the start of the period. These translation differences have no effect on taxes. Closing accumulated translation differences recognized directly in equity totaled –15,685. Opening accumulated differences totaled SEK –1,252.

**NOTE 20 – Financial instruments and financial risk management****Policies for financing and financial risk management**

The Board directs and monitors BTS's financing activities and financial risks. Financing and risk management are gathered under the Group finance function and conducted in compliance with a financial policy adopted by the Board of Directors that stresses low risk. The aim of the Company's risk management is to optimize the Group's cost of capital and, in a deliberate manner, to manage and control the Group's financial risks. Hedging instruments may be used within given parameters. Future payments are not normally hedged. Cash and cash equivalents may be invested in interest-bearing accounts or in interest-bearing securities carrying low credit risk. The duration of the investment portfolio must not exceed nine months.

During the year, BTS's holdings of financial instruments were limited to primary instruments such as accounts receivable, trade payables, and the like. Customer contracts contain no currency clauses or anything that could be considered embedded derivatives. No hedging instruments are held or have been purchased or sold during the year.

**Fair value of financial assets and liabilities****Group**

SEK thousands	12-31-09	12-31-08
Other non-current receivables	3,654	3,077
Accounts receivable	153,323	147,339
Provisions for doubtful accounts receivable	–2,771	–155
Other current receivables	4,004	903
Cash and cash equivalents	75,412	65,887
<b>Total financial assets</b>	<b>233,622</b>	<b>217,051</b>
Other non-current liabilities	427	523
Accounts payable	14,806	17,712
Other current liabilities	82,203	85,096
<b>Total financial liabilities</b>	<b>97,436</b>	<b>103,331</b>

## Financial assets

### Loan and accounts receivable

During the year, BTS held no non-derivative financial assets with payments that can be determined and that were not listed on an active market.

Other non-current receivables chiefly consist of rental deposits and interest-bearing financial claims on franchisees of the Group company APG in the United States. Rental deposits have a maturity corresponding to their respective leases. Financial claims on franchisees consist of non-current and current parts, where the non-current part has more than 12 months to maturity.

Accounts receivable denominated in foreign currencies are measured at the closing rate. Accounts receivable in the BTS North America operating unit constitute 66% (58) of the Group's total accounts receivable. The table below shows the distribution of accounts receivable by currency.

#### Group

SEK thousands	12-31-09	12-31-08
SEK	2,015	5,493
USD	102,349	86,966
GBP	17,705	11,098
EUR	18,155	26,414
Other currencies	10,328	17,213
<b>Total accounts receivable</b>	<b>150,552</b>	<b>147,184</b>

Accounts receivable are recognized after deductions for doubtful and uncollectible debts. Provisions are made for doubtful receivables after testing in each individual case. During the year, credit losses on accounts receivable had an impact of 4,966 (707) on earnings.

At December 31, 2009, accounts receivable totaling 21,877 (34,663) were more than 30 days past due; this excludes accounts receivable for which provisions had been made. The structure of due dates is shown in the table below.

#### Group

SEK thousands	12-31-09	12-31-08
Total accounts receivable	150,552	147,184
more than 30 days overdue	14,584	14,881
more than 60 days overdue	7,293	19,782

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

### Cash and cash equivalents

At the end of the reporting period, there was only cash in hand and bank balances.

## Financial liabilities

Financial liabilities held during the year are measured at the amortized cost using the effective interest method.

Other non-current liabilities consist of interest-bearing loans. These loans consist of non-current and current parts, where the non-current part has more than 12 months to maturity.

Accounts payable are deemed reasonably approximate to their fair value, so they are not discounted to present value. All accounts payable fall due within 12 months.

Other current liabilities chiefly consist of the Group's bank overdraft facility (attributable to acquisitions previously completed) totaling 52,334 (81,690). The change from the preceding year resulted from surplus cash being used to repay the overdraft facility and the USD exchange rate at December 31 having reduced the debt in SEK terms year-on-year.

## Foreign exchange risk

The Group is exposed to foreign exchange risks associated with the translation of foreign subsidiaries, thus influencing profit and equity in the Group. The currencies that have the greatest influence are USD, EUR, and GBP. Transaction exposure is limited, because revenues and expenses are primarily denominated in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits based on BTS's 2009 income statement and should only be seen as an indication of the significance of the different currencies.

Exchange rate	Percentage change	Change, SEK thousands, full-year 2009
SEK/USD	+/-10%	+/- 5,591
SEK/EUR	+/-10%	+/- 419
SEK/GBP	+/-10%	+/-1,402

## Credit risk

Credit risk refers to companies not getting paid for their accounts receivable from customers. BTS only accepts creditworthy counterparties in financial transactions, and the amount is determined individually for each customer. The intention is for credit limits to reflect the solvency of each customer. BTS has sufficiently diversified risk. BTS's accounts receivable and sales are spread among a large number of companies operating in a variety of sectors.

The maximum credit risk at year-end was 20,869 (5,821), which corresponds to the largest credit exposure to any single group.



**Liquidity risk and interest rate risk**

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents and an unutilized approved overdraft facility. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in the market interest rate that affect BTS negatively by increasing the cost of the Company's borrowing. The sensitivity analysis below shows the increase and decrease in interest expense resulting from a change in the market interest rate.

	Percentage change in market interest rate	Change in interest expense 2009, SEK thousands
Interest on bank overdraft facility	+/- 10%	+/- 192

BTS's policy is to allow borrowing with the Board's approval. Any surplus cash in subsidiaries should first of all be used to repay loans, which was done during the year. Interest risk is limited to the fluctuating return on cash and cash equivalents invested at variable rates.

**Group**

SEK thousands	12-31-09	12-31-08
Cash and cash equivalents	75,412	65,887
Unutilized portion of bank overdraft facility	26,133	17,851
Cash and cash equivalents available	101,545	83,738

**Managing capital risk**

BTS's goal for its capital structure is to safeguard the Group's ability to continue and expand its operations, so that they continue to generate a return for shareholders and benefit other stakeholders, at the same time as the cost of capital is kept at a reasonable level.

To maintain or change the capital structure, the dividend can be raised or lowered, shares can be issued, shares can be repurchased, and assets can be sold.

BTS's financial objective – and a measure of its capital risk – is that its equity/assets ratio never remains less than 50%. At year-end, the Company's equity/assets ratio was 59% (56).

**NOTE 21 – Bank overdraft facility****Group**

SEK thousands	12-31-09	12-31-08
Approved credit limit	78,467	99,541
Unutilized portion	-26,133	-17,851
Credit utilized	52,334	81,690

**Parent Company**

SEK thousands	12-31-08	12-31-08
Approved credit limit	63,058	83,727
Unutilized portion	-12,729	-2,037
Credit utilized	50,329	81,690

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

SEK thousands	12-31-09	12-31-08
Accrued salaries	54,637	44,855
Accrued social security contributions	3,136	4,070
Prepaid income	41,893	19,635
Other items	10,937	14,188
<b>Total</b>	<b>110,603</b>	<b>82,748</b>

**Parent Company**

SEK thousands	12-31-09	12-31-08
Other items	524	288

**NOTE 23 – Pledged assets****Group**

SEK thousands	12-31-09	12-31-08
<i>Assets pledged for debts to credit institutions</i>		
Company mortgages	10,000	10,000

**NOTE 24 – Contingent liabilities on behalf of Group companies****Parent Company**

SEK thousands	12-31-09	12-31-08
Guarantee commitments on behalf of subsidiaries	4,057	4,361

The Board of Directors and Chief Executive Officer affirm that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and that the annual report was prepared in accordance with generally accepted accounting principles in Sweden. The annual report and consolidated financial statements, respectively, provide a true and fair view of the Parent Company's and the Group's financial positions and earnings.

The management report for the Parent Company and the Group provides a fair review of developments in the Parent Company's and the Group's operations, financial position, and earnings and describes the material risks and uncertainties facing the Parent Company and the companies that are part of the Group.

The consolidated income statement and balance sheet as well as the Parent Company's income statement and balance sheet will be submitted for adoption to the Annual General Meeting of April 29, 2010.

Stockholm, Sweden, April 7, 2010

Michael Grindfors  
Chairman of the Board

Henrik Ekelund  
Chief Executive Officer

Mariana Burenstam Linder

Stefan Gardefjord

Dag Sehlin

Our audit report was submitted on April 12, 2010  
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling  
Authorized Public Accountant / Managing Auditor

# Audit Report

To the Annual General Meeting of  
BTS Group AB (publ)  
Corp. id. no. 556566–7119

We have reviewed the annual report, consolidated financial statements, accounting records, and management by the Board of Directors and the Chief Executive Officer (CEO) of BTS Group AB (publ) for 2009. The Company's annual report and consolidated financial statements are included in the printed version of this document on pages 40-68. The Board of Directors and the CEO are responsible for the accounting records and management of the Company, the application of the Annual Accounts Act in preparing the annual report, the application of International Financial Reporting Standards (IFRS) as adopted by the European Union, and for the application of the Annual Accounts Act in preparing the consolidated financial statements. Our responsibility is to express an opinion on the annual report, the consolidated financial statements, and management based on our audit.

The audit was conducted in accordance with generally accepted auditing standards in Sweden. This means that we planned and performed the audit to obtain reasonable assurance that the annual report and the consolidated financial statements contain no material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting records. An audit also includes assessing the accounting principles and their application by the Board and the CEO, evaluating the significant estimates made by the Board and CEO when preparing the annual report and consolidated financial statements, and assessing the overall presentation of information in the annual report and the consolidated financial statements. We have examined significant decisions, actions taken, and the circumstances of the Company in order to determine the liability for damages, if any, to the Company of any member of the Board or the CEO. We have also examined whether any member of the Board or the CEO has in any other way acted contrary to the Swedish Companies Act, the Annual Accounts Act, or the Company's articles of association. We believe that our audit provides us with a reasonable basis for our opinion as set forth below.

The annual report was prepared in accordance with the Annual Accounts Act and provides a true and fair view of the Company's earnings and financial position, in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements were prepared in compliance with IFRS, as approved by the EU, and the Annual Accounts Act and provide a true and fair view of the Group's earnings and financial position. The management report is consistent with the rest of the annual report and the consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the Parent Company and the Group, appropriate the earnings in the Parent Company as proposed in the management report, and discharge the members of the Board and the CEO from liability for the fiscal year.

Stockholm, Sweden, April 12, 2010  
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling  
Authorized Public Accountant  
Managing Auditor

# 2009 Corporate Governance Report

BTS Group AB is a public limited liability company based in Stockholm, Sweden, and listed on NASDAQ OMX Stockholm. Consequently the BTS Group's corporate governance is based on Swedish legislation and regulations such as the Companies Act, the listing agreement, the Swedish Code of Corporate Governance, and the Company's own articles of association.

The Swedish Code of Corporate Governance (the Code) is a set of rules and regulations for listed companies and complements legislation, companies' own articles of association, and other rules by specifying a norm for good corporate governance. The Code deals with the systems and corporate and decision-making bodies through which owners directly or indirectly control their company and is intended to safeguard the investments of shareholders and the assets of a group as well as to insure that the financial information provided by a company is reliable. Any deviations from the Code are explained in the pertinent section.

This corporate governance report does not constitute a part of the formal financial statements and has not been reviewed by the Company's auditors.

## Corporate governance structure

The corporate bodies of BTS Group AB comprise the following.

Annual General Meeting (AGM)	– highest decision-making body
Board of Directors	– has ultimate responsibility for the Company's organization and management
Chief Executive Officer (CEO)	– has responsibility for day-to-day management
Auditors	– audit the Board of Directors' and CEO's management at the request of the shareholders/ Annual General Meeting.

## Shareholders

The total number of shares outstanding is 18,048,300, consisting of 853,800 Class A and 17,194,500 Class B shares. Each Class A share entitles the holder to ten vote per share, each Class B one vote per share.

At December 31, 2009, BTS Group AB had approximately 700 shareholders. The ten largest shareholders had total shareholdings corresponding to 73.6% of shares and 81.5% of votes. A list of the largest shareholders is found on page 37 of the annual report.

## Annual General Meeting

BTS's highest decision-making body is the Annual General Meeting (AGM). Notice of the AGM shall be published no earlier than six

weeks and no later than four weeks before the AGM and shall appear in Post- och Inrikestidningar and Svenska Dagbladet. All shareholders entered in the share register on the record date who have notified the Company in time of their intention to participate in the AGM may do so. Shareholders unable to attend can be represented by proxy.

The AGM elects the Company's Board and the Chairman of the Board. The business of the AGM includes

- adopting the income statement and balance sheet,
- determining the appropriation of the Company's earnings,
- determining whether to discharge the members of the Board and the CEO from liability to the Company,
- electing auditors, and
- determining fees to be paid to the Board and auditors.

## 2009 Annual General Meeting

The 2009 AGM was held on Wednesday, April 29, 2009, at the Company's offices in Stockholm. Twenty-one shareholders attended, representing 57.1% of the number of shares outstanding and 68.6% of the votes. All members of the Board and the Company's auditor participated in the AGM. Decisions made included the following.

- The income statement and balance sheet and the consolidated income statement and balance sheet for fiscal 2008 were adopted.
- The proposed dividend of SEK 1.20 per share was approved.
- The Board of Directors and CEO were discharged from liability for management during the fiscal year as recommended by the auditors.
- A total of SEK 650,000 in fees was approved to be paid to members of the Board who receive no salary from the Company or any subsidiary, of which SEK 275,000 shall be paid to the Chairman and SEK 125,000 each to other members. For work on Board committees, fees totaling SEK 90,000 shall be paid.
- Auditors' fees were approved to be paid based on approved invoices.
- Mariana Burenstam Linder, Henrik Ekelund, Stefan Gardefjord, and Dag Sehlin were re-elected and Michael Grindfors was elected to the Board for the period until the next AGM. Michael Grindfors was elected Chairman of the Board.
- Öhrlings PricewaterhouseCoopers AB were chosen to be auditors for the period until the 2013 AGM (reelected), with Magnus Thorling as managing auditor.

- Instructions for the nominating committee, such that the committee be made up of representatives from the two shareholders controlling the most votes, based on Euroclear Sweden AB's data at September 30, 2009, and the Chairman of the Board.
- Guidelines for compensation and other conditions of employment for senior executives were adopted.
- The Board of Directors was authorized to decide, during the period until the next AGM, whether to issue shares or convertible instruments that would result in a maximum of 1,200,000 Class B shares being issued for capital contributed in kind or as offsets. This authorization referred to corporate acquisitions.
- Establishment of an employee stock option program for 2009/2013 and the attendant hedging actions. The program, which is secured by warrants issued to the wholly owned subsidiary BTS Sverige AB, will consist of no more than 840,000 employee stock options. The options are issued for four years, and normally one-third can be exercised in each year of the three years following allocation. The exercise price is SEK 37.70 and equals 130% of the volume-weighted average price paid for a BTS share on NASDAQ OMX Stockholm during the 10 trading days prior to the allocation date.

### Nominating committee

The nominating committee has the task of preparing and submitting proposals to the AGM concerning the following, when relevant.

- Election of a president for the AGM.
- Election of the Chairman of the Board and other members of the Board.
- Board fees: in total and divided among the Chairman and other members of the Board as well as compensation for work on committees, when relevant.
- Audit fees.
- Election of auditor and deputy auditor, when relevant.
- Adoption of a policy for appointing the nominating committee.

A nominating committee for BTS Group AB was appointed on October 13, 2009. BTS's two largest shareholders in consultation with Michael Grindfors, Chairman of the Board, appointed Anders Dahl (representing Henrik Ekelund), Stefan af Petersens, and Michael Grindfors to the committee. Anders Dahl was appointed chairman of the nominating committee.

Shareholders in BTS Group AB have been able to contact the nominating committee to propose candidates to the Board.

All of the nominating committee's candidates based on the above will be announced in the notice for the 2010 AGM. The nominating committee's statement supporting its proposal for the Board of Directors of BTS Group AB as well as the information about the candidates recruited by the committee will be published on BTS's web site when the proposal is announced.

### Board of Directors

The Board of Directors has ultimate responsibility for the Company's organization and management and is appointed by the shareholders at each AGM for the period from that AGM until the end of the next. BTS's Board decides on issues such as strategic direction, acquisitions, investments, financing, and Group-wide policies. BTS's Board shall also insure proper disclosure to BTS's various stakeholders.

The articles of association specify that BTS's Board shall consist of no fewer than three and no more than eight members. The AGM held on April 29, 2009, decided that for the period until the next AGM the Board would consist of five members and no deputy members.

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

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

### Composition and independence of the 2009 Board

Member	Position	Elected	Independent	Board meeting attendance
Michael Grindfors	Chairman of the Board	2009	Yes	100%
Mariana Burenstam Linder	Member	2004	Yes	89%
Henrik Ekelund	Member	1986	No <sup>1</sup>	100%
Stefan Gardefjord	Member	2003	Yes	100%
Dag Sehlin	Member	2003	Yes	100%

<sup>1</sup> Henrik Ekelund is the largest shareholder and is President and CEO of BTS Group.



### **The work of the Board of Directors**

In addition to legislation and recommendations, a written set of procedures adopted annually governs the work of the Board. The Board's set of procedures is intended to clarify and regulate the Board's tasks and how it works as well as the division of responsibilities among the Chairman, other Board members, and the CEO. According to these procedures, the Board shall normally hold a minimum of four ordinary meetings. At each of these meetings, the Board deals with issues of material significance to the Company. In addition, the Board receives reports from senior management about current business conditions in the Group's market segments. Board meetings are held periodically in connection with the Company's financial reports. The Board deals with the year-end report and proposed appropriation of earnings in February, interim reports in April, August, and October, and the budget for the coming year in December. Occasionally, an issue is delegated to the Chairman of the Board and the CEO for joint deliberation. The Company's Chief Financial Officer (CFO) serves as Board secretary. During the past year, nine meetings were held. Procedures for assessing the work of the Board were determined in December for assessment and discussion in the beginning of 2010.

### **Compensation to the Board**

The AGM held on April 29, 2009, approved a total of SEK 650,000 in fees to be paid to those Board members who receive no salary from the Company or any of its subsidiaries, such that SEK 275,000 be paid to the Chairman and SEK 125,000 each to the members.

Members of the Board in the Parent Company have received compensation only in the form of Board fees and are not included in any incentive programs for Group employees that are based on shares or share prices.

### **Compensation committee**

The compensation committee has the task of reviewing and recommending to the Board policies for compensation, including performance-based payments and pension benefits for the Company's senior executives. Issues concerning the CEO's terms of employment, compensation, and benefits are prepared by the compensation committee and decided by the Board. The duties of the compensation committee were performed during the year by the Board as a whole excluding the CEO.

The Board will propose policies for compensation and other terms of employment for the Company's senior executives for the approval of the AGM on April 29, 2010.

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

### **Audit committee**

The task of the audit committee is to prepare the Board's work assuring the quality of the Company's financial reports. The audit committee also adopts guidelines on services other than auditing

that the Company may purchase from the Company's auditors. The committee is also tasked with providing the nominating committee with an assessment of the audit work and of assisting the nominating committee in preparing the nominating committee's proposal to the AGM for the election of auditors as well as the size of the audit fee. The Company's CFO, also the Board secretary, prepared the business for the meetings.

### **Auditors**

The auditors examine the management of the Company by the Board and CEO and the quality of the Company's accounts and they report the results of their audit to the shareholders through the audit report, which is submitted at the AGM.

In addition, the auditor participates in the Board meeting when the final accounts are presented and submits a report on the audit of the Company's earnings, financial position, and internal control. The Company's auditor may also submit a statement of his/her findings directly to the Chairman of the Board, if deemed necessary.

During portions of the auditor's review for the Board, neither the CEO nor the Board secretary participates, allowing the Board to have private discussions with the auditor in compliance with the Code. In addition, each member of the Board can contact the auditors directly.

The auditor is elected by the AGM for a period of four years. The 2009 AGM re-elected the registered public accounting firm Öhrlings PricewaterhouseCoopers and managing auditor Magnus Thorling for the period until the 2013 AGM.

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

For 2009, the Company's auditors did not review BTS's semiannual report or the nine-month interim report, which deviates from the Code. The Board has determined, after checking with the Company's external auditors and others, to date that the additional costs of such reviews have not been justifiable.

### **Senior executives**

BTS's senior executives include:  
Henrik Ekelund, President & CEO of BTS Group AB,  
Stefan Brown, CFO and Vice President of BTS Group AB, and  
Jonas Åkerman, President of BTS USA Inc.

More information about senior executives is found on page 76 of the annual report.

### **Guidelines for compensation and other terms of employment for senior executives**

The AGM held on April 29, 2009, adopted policies for compensation to senior executives such that BTS shall employ persons on terms and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's goals. When employing

persons outside Sweden, the Company shall comply with each country's generally accepted forms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 30% of the fixed basic salary. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs. Only the CEO in the Parent Company is entitled to a severance package, corresponding to 12 months' salary if the Company terminates his employment contract.

The Board is entitled to deviate from the principles above in individual cases under special circumstances.

### **Information and communication**

The overall goal of BTS's communication is to provide shareholders and employees, actors in the market, and other stakeholders with an up-to-date, true, and fair view of the Company and its business operations. Communication shall be correct, credible, characterized by close relationships with the Company's stakeholders, and based on frequent contact, clarity, and good ethics. BTS believes that high-quality communication efforts actively help bolster confidence in the Company and management, making it easier to achieve business objectives.

BTS publishes up-to-date information about the Company on its web site. Interim reports and annual reports are published in Swedish and English. Events that could be expected to affect the share price are announced in press releases. In addition, the Company communicates with mass media, capital markets, and shareholders when interim reports are published and also participates in other activities on an ongoing basis.

### **The Board of Directors' description of internal control concerning financial reports**

Good corporate governance is about organization and routine, the proper handling of financial information, and minimizing risk. A good control environment is also based on an organizational structure with explicit and documented delegation of decision-making authority, straightforward guidelines and policies, and a corporate culture with common values.

### **Control environment**

Internal control at BTS is based on a control environment embracing the organization, lines of decision-making, authority, and responsibility. The Board of Directors has a written set of procedures that clarifies the Board's responsibility and regulates how Board

tasks are delegated. The set of procedures also specifies which issues are submitted to the Board for a decision. How roles are divided between the Board and the CEO is described in the Board's set of procedures and its instructions to the CEO. The CEO also manages the business with reference to the Companies Act, other laws and regulations, rules and regulations for stock market companies, and the Code, for example.

The Company has established policies in areas such as financial reporting, IT and IT security, and human resources (compensation to senior executives, the work environment, equal opportunity). The Board's instructions to the CEO specify financial responsibilities and authority, as do procedures adopted for signing off. To limit and control financial risk, the Board has adopted a financial policy.

The Company's operating organization is communicated through an organization chart augmented by the assignment of roles and responsibilities.

The Board of Directors follows up to insure that policies adopted for financial reporting and internal control are adhered to and maintains appropriate relationships with the Company's auditors. Company management is responsible for the system of internal controls required for managing significant risks in operating activities.

### **Risk assessment and control activities**

The Board of Directors has ultimate responsibility for risk management. A well-defined organization and decision-making procedure are intended to foster prudent risk taking and good awareness of risk among employees. To insure that internal routines and controls have worked adequately and uniformly, the most important processes have procedural descriptions. Built-in checkpoints also minimize the risk of errors in accounting. Likewise, procedures for the Company's accounting and consolidation systems have been documented. Ongoing activities aim at maintaining good internal control, thus avoiding and detecting risks.

### **Information and communication**

Significant guidelines, manuals, and such that affect financial reporting are updated and communicated on an ongoing basis to personnel in the Group affected. Formal as well as informal channels to Company management and the Board exist to transmit significant information from employees. For external communication, the Company follows the governing regulations discussed above.

### **Follow-up**

The Board of Directors continuously evaluates the information provided by Company management. The work of the Board includes insuring that actions are taken concerning any deficiencies or proposals for corrective action arising from external audits. BTS has no internal audit unit of its own, based on the assessment that there are no special circumstances in operating activities according to Group size, organization and reporting structure or other conditions to justify such a unit.

# Board of Directors and Auditors

## **Mariana Burenstam Linder**

Born 1957.

Member of the Board of BTS Group AB since 2004.

Managing Partner in Burenstam & Partners AB.

**Other assignments:** Chairman of the boards of Kontanten AB and Sweden-America Foundation. Member of the board of SäKi AB.

### **Options and shareholdings in BTS Group**

**AB:** 12,100 Class B shares and 10,000 options.

Mariana Burenstam Linder has extensive experience from management positions in several Swedish companies. Former positions include president of Ainax, Head of Enskilda Banken with global responsibility for Private Banking, Vice President of SEB, CIO of Trygg-Hansa and later the SEB group, president of ABB Financial Consulting, and president of Nordic Management AB. Mariana Burenstam Linder graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

## **Henrik Ekelund**

Born 1955.

President and CEO of BTS Group AB.

### **Options and shareholdings in BTS Group**

**AB:** 816,000 Class A shares and 3,191,825 Class B shares. 23,000 options issued.

Henrik Ekelund is BTS's founder and has been CEO since its inception in 1986.

Henrik Ekelund has comprehensive experience as a board member and owner of high-growth enterprises, including Jobline AB, Image Publications AB, Strandfastigheter AB (now Klöver AB), and Universum AB. Henrik Ekelund graduated in business administration at the Stockholm School of Economics.

Not independent of the Company or its major shareholders.

## **Stefan Gardefjord**

Born 1958.

Member of the Board of BTS Group AB since 2003.

President of Logica Sverige AB.

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

### **Options and shareholdings in BTS Group**

**AB:** 5,000 Class B shares and 10,000 options.

Stefan Gardefjord has held several senior positions since 1987 in the WM-data group, including president of different subsidiaries, business area head, and group director of marketing, sales, and information. In 2001, he was president and CEO of M2S Sverige AB. Former positions include head of consulting at Consab Consult AB, and prior to that he worked with accounting and IT at Dow Chemical AB. Stefan Gardefjord graduated upper secondary school in business.

Independent of the Company and its major shareholders.

## **Michael Grindfors**

Born 1956.

Chairman of the Board of BTS Group AB since 2009. Vice-chairman of the U.S. consulting firm AlixPartners.

### **Options and shareholdings in BTS Group**

**AB:** 30,420 Class B shares and 20,000 options.

Michael Grindfors was previously president of AlixPartners. He has held senior positions at Boston Consulting Group, Goldman Sachs, Etonic, and other companies.

Michael Grindfors graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

## **Dag Sehlin**

Born 1945.

Member of the Board of BTS Group AB since 2003, Chairman of the Board 2003–2008.

### **Options and shareholdings in BTS Group**

**AB:** 6,000 Class B shares and 10,000 options.

Dag Sehlin has long-term experience in senior positions in the Swedish financial sector. Previous positions include CFO and acting president of Posten AB, vice president of OM-Gruppen, and prior to that various positions in accounting and finance at several Swedish companies. He also has long-term experience from work as an independent consultant and member of the board for various listed and other enterprises.

Dag Sehlin graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.

## **AUDITOR**

Öhrlings PricewaterhouseCoopers AB.

Managing auditor:

### **Magnus Thorling**

Authorized Public Accountant.

The above information on options and shareholdings was correct at December 31, 2009.



Left to right: Stefan Gardefjord, Michael Grindfors (Chairman of the Board), Henrik Ekelund (President and CEO), Mariana Burenstam Linder och Dag Sehlin

# Senior Executives



## Henrik Ekelund

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



## Jonas Åkerman

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



## Stefan Brown

Born 1963.  
CFO and Vice President of BTS Group AB.  
Employed by BTS since 1990.  
Options and shareholdings in BTS Group AB: 16,500 Class B shares and employee stock options for 22,500 Class B shares.

The above information on options and shareholdings was correct at December 31, 2009.

# Global Partners in BTS



## Henrik Ekelund

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



## Rommin Adl

Born 1964.  
Executive Vice President.  
Employed by BTS since 1994.



## Philios Andreou

Born 1967.  
Executive Vice President.  
President and CEO of BTS Spain & BTS Mexico.  
Employed by BTS since 2003.



## Stefan af Petersens

Born 1955.  
Executive Vice President.  
Employed by BTS since 1986.



## Peter Mulford

Born 1968.  
Executive Vice President.  
Employed by BTS since 1997.



## Stefan Hellberg

Born 1957.  
Executive Vice President.  
Employed by BTS since 1986.



## Dan Parisi

Born 1968.  
Executive Vice President.  
Employed by BTS since 1995.



## Jonas Åkerman

Born 1963.  
Executive Vice President.  
President and CEO of BTS USA.  
Employed by BTS since 1991.



## Todd Erlich

Born 1968.  
Executive Vice President.  
Employed by BTS since 1995.



## Annika McCrea

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

Advantage  
Performance Group Inc.



# Shareholder Information

## Annual General Meeting 2010

Shareholders in BTS Group AB (publ) are invited to the AGM on Thursday, April 29, 2010, at 9:30 am at the Company's premises, Grevgatan 34, 5th floor, Stockholm.

Shareholders wishing to participate must be entered in the share register maintained by Euroclear Sweden AB no later than Friday, April 23, 2010, and must have notified BTS Group AB no later than 12 noon on Tuesday, April 27, 2010.

Notify the Company by phone at +46 8 5870 7000, fax +46 8 5870 7001, or e-mail at [ir@bts.com](mailto:ir@bts.com).

In the notification, please include the shareholder's name, personal identification number or corporate identification number, address, phone number, and the number of shares held.

To participate in the AGM, shareholders who have registered shares under the name of a trustee must temporarily register them with Euroclear Sweden AB under their own name. Any such request to transfer registration should be made well in advance of Friday, April 23, 2010.

## Dividend

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

## 2010 reports and financial information

Interim reports:	
January–March	April 29, 2010
April–June	August 19, 2010
July–September	November 11, 2010
Year-end report	February 2011

The reports above can be ordered from BTS Group AB, Grevgatan 34, SE-114 53 Stockholm, phone +46 8 5870 7000, fax +46 8 5870 7001, or e-mail [ir@bts.com](mailto:ir@bts.com). Financial information from BTS Group AB is also published at [www.bts.com](http://www.bts.com).

## Definitions

BTS Group AB, BTS Group AB (publ), BTS, the Company BTS Group AB with or without the Group's subsidiaries (unless otherwise indicated by the context).

*Every care has been taken in the translation of this year-end report. In the event of discrepancies, however, the Swedish original will supersede the English translation.*



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