

BTS Group AB (publ)

Interim Report

1 January–30 June 2002

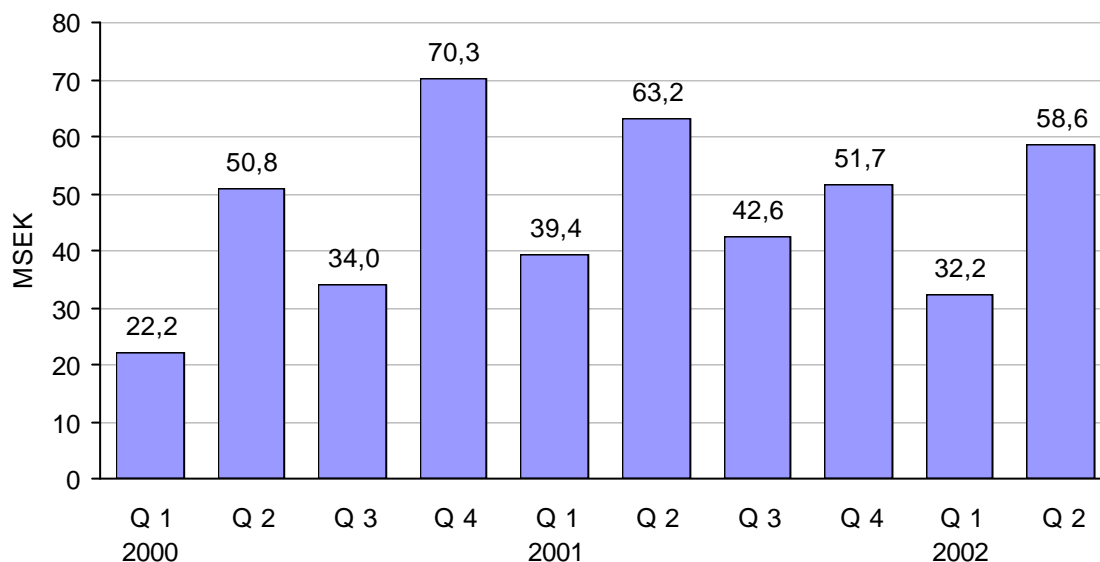
- Net turnover during the first half of the year fell by 11 per cent to MSEK 90.8 (102.6)
- Results for the first six months:
 - operating result of MSEK 0.7 (3.8)
 - result before tax of MSEK 1.4 (3.2)
 - earnings per share of SEK 0.17 (0.52)
- During the second quarter,
 - net turnover totalled MSEK 58.6 (63.2)
 - the result before tax amounted to MSEK 11.6 (10.1)
 - the operating result totalled MSEK 11.3 (10.3)
- New customers acquired during the first six months include Akzo Nobel, Eaton Corporation, Elekta, Goodman Fielder, If, ISS, Metso, Labatt, NCR, Oncor and Posten Norge.
- Good growth and positive results in BTS UK

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

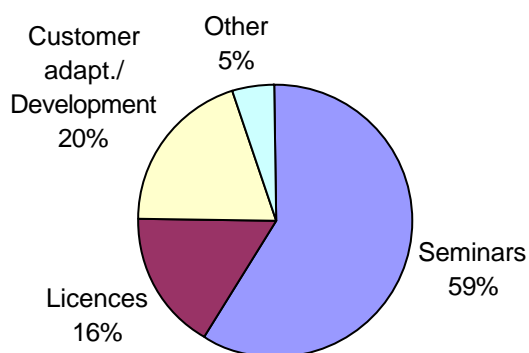
Turnover

During the first half of the year, BTS' net turnover fell by 11 per cent and amounted to MSEK 90.8 (102.6). Although turnover fell in the United States and the Nordic region, both Great Britain and Australia developed positively. Adjusted for changes in exchange rates, turnover during the first six months fell by 12 per cent as compared to the corresponding period in 2001. About 80 per cent of BTS' revenue per half year is in foreign exchange.

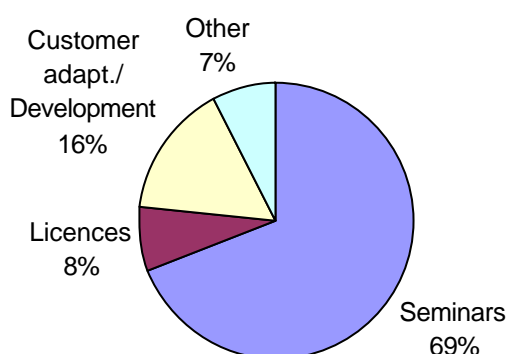
Net turnover per quarter 2000 - 2002



**Net turnover broken down revenue
1 January - 30 June 2001**



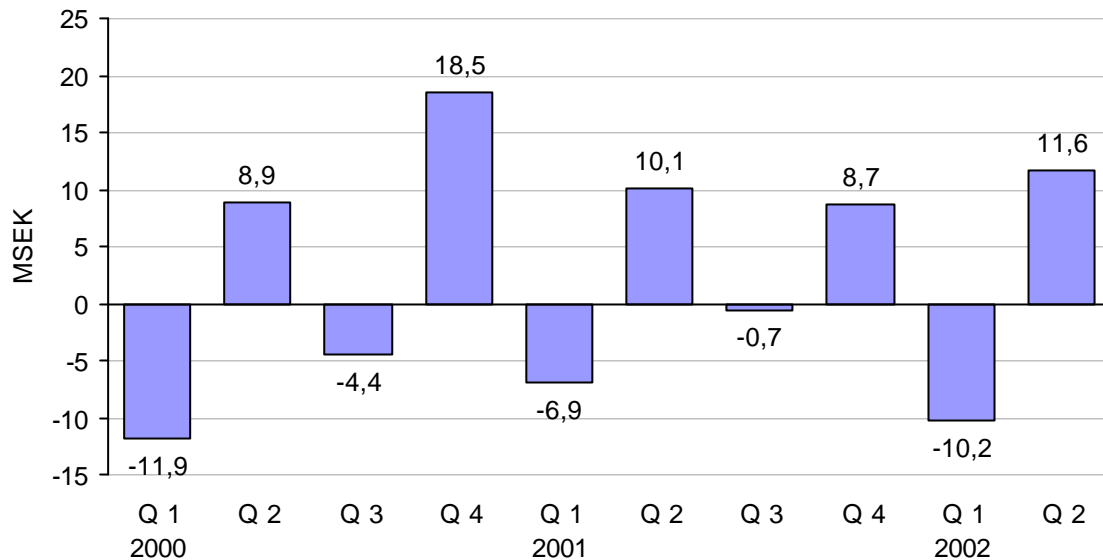
**Net turnover broken down revenue
1 January - 30 June 2002**



Results

Compared to the corresponding period for 2001, the Group result before tax for the first half-year amounted to MSEK 1.4 (3.2), and operating result totalled MSEK 0.7 (3.8). The operating margin for the period fell to 1 (4) per cent. The decline in the result is primarily caused by a reduction in net turnover. The efficiency and savings programme that was initiated within the Group during the second six months of 2001 and ran on into 2002 continued to generate positive effects during the period. Costs for the first six months fell by 8 per cent as compared to the corresponding period in 2001.

Results before tax per quarter 2000 - 2002



Second Quarter

Turnover during the second quarter totalled MSEK 58.6 (63.2), which constitutes a fall of 7 per cent compared to the corresponding period in 2001. Adjusted for changes in exchange rates, turnover during the second quarter fell by 8 per cent.

The result before tax for the second quarter improved to MSEK 11.6 (10.1) and the operating result was MSEK 11.3 (10.3). The operating margin was 19 (16) per cent. The efficiency and savings measures previously initiated to combat the decline in market conditions contributed to an improvement in operating results during the second quarter compared to the corresponding period in 2001. Operating costs fell by around 11 per cent and productivity – measured as the annual net turnover per employee – rose by 7 per cent in comparison with the corresponding period of 2001.

Cash flow from current operations in the second quarter amounted to MSEK 3.6 (2.8).

BTS' view of market development

The decline in the market, which started in September 2001, continues to affect the Group's principal markets. General uncertainty about the direction financial market conditions will take is putting a damper on companies' willingness to invest. This, in turn, slows down the decision-making process as regards major training programmes. The appreciable restrictions on travel implemented by numerous companies following the events of 11 September – which also had a negative effect on the market for training – were, however, lifted to a large extent during the second quarter.

BTS is executing a programme of efficiency measures and savings, and continues to focus on developing core activities. The BTS simulation-based training methodology combined with state-of-the-art technology generates returns even in weakened market conditions. Customer requirements for increased competence, more efficient operations and major flexibility continue to grow in the face of increasingly tough competition in the market. As such, business simulations are attracting more and more interest. The company believes that product

development, new customers and the ability to offer cost-effective training solutions such as Web-based simulations will allow BTS to continue to strengthen its position in the Business Simulations sector.

During the first six months, the company acquired a range of new customers including Akzo Nobel, Eaton Corporation, Elekta, Goodman Fielder, If, ISS, Metso Labatt, NCR, Oncor and Posten Norge.

Operating units

Net turnover per operating unit

	Apr-Jun		Jan-Jun		2001/02 rolling 12 mon	2001 Full year
MSEK	2002	(2001)	2002	(2001)		
BTS USA	34,3	(40,2)	53,7	(63,5)	117,7	127,5
BTS Nordic	13,1	(17,8)	21,8	(31,2)	40,6	50,0
BTS UK	11,2	(5,2)	15,3	(7,9)	26,8	19,4
Total	58,6	(63,2)	90,8	(102,6)	185,1	196,9

Operating result per operating unit

	Apr-Jun		Jan-Jun		2001/02 rolling 12 mon	2001 Full year
MSEK	2002	(2001)	2002	(2001)		
BTS USA	7,2	(6,4)	-0,2	(2,6)	10,4	13,2
BTS Nordic	1,8	(2,7)	-0,1	(2,3)	-4,4	-2,0
BTS UK	2,3	(1,2)	1,0	(-1,1)	3,5	1,4
Total	11,3	(10,3)	0,7	(3,8)	9,5	12,6

BTS USA

BTS USA's net turnover during the first six months fell by 15 per cent, compared with the same period in 2001, totalling MSEK 53.7 (63.5). The operating margin was 0 per cent (4). In the second quarter, net turnover fell by 15 per cent compared with the second quarter of 2001, and amounted to MSEK 34.3 (40.2). The operating margin for the second quarter was 21 (16) per cent. Faced by a difficult market in the second quarter, BTS USA generated business from existing customers and even managed to expand its customer base. The increase in operating margin during the second quarter is primarily attributable to cost savings and improved productivity.

BTS Nordic

Compared to figures for 2001, BTS Nordic's net turnover during the first half year amounted to MSEK 21.8 (31.2), and the operating margin was 0 (7) per cent. Net turnover in the second quarter amounted to MSEK 13.1 (17.8) and the operating margin was 14 (15) per cent. During the second quarter, BTS Nordic also began to feel the effects of the efficiency measures and cost savings initiated during the second six months of 2001. Despite the fall in turnover, the operating margin for the quarter fell by only 1 percentage compared to the corresponding period last year.

BTS UK

Compared to 2001, BTS UK's turnover for the first half-year amounted to MSEK 15.3 (7.9), of which turnover generated by BTS Australia accounted for MSEK 3.9 (0). The operating margin was 7 per cent (-14). In the second quarter, net turnover – including that generated by BTS Australia – increased by 116 per cent compared with the second quarter of 2001, and amounted to MSEK 11.2 (5.2). The operating margin for the second quarter was 21 (23) per cent. Adjusted for the effects of exchange rates, turnover for the first half year – excluding that generated by BTS Australia – increased by 44 per cent, with the second quarter showing an increase of 61 per cent. BTS UK grew strongly during the period. The effects of the sales initiatives in new sectors that were started in 2001, and the establishment of BTS Australia have generated positive returns.

Financial position

BTS' cash flow from current operations for the first six months amounted to MSEK -7.6, compared to MSEK -8.2 for the corresponding period in 2001.

Cash flow for the period was affected by exchange rate changes in the amount of MSEK -4.9 (1.2).

Shareholders' equity at the end of the period totalled MSEK 99.1 (97.2) and the solidity was 82 (75) per cent.

Available liquid funds totalled MSEK 54.7 at the end of the period.

Personnel

At 30 June 2002, the BTS Group employed 108 people (131).

The average number of employees during the period was 115 (129).

The Parent Company

The parent company's net turnover amounted to MSEK 0.0, and the result after net financial expenses was MSEK 0.8. Liquid funds totalled MSEK 41.5.

Prospects for 2002

The state of the market remains uncertain and hard to predict. In line with previous reports, the Group still expects to return better results before tax than in 2001.

Accounting principles

This report has been compiled in accordance with the recommendation of the Swedish Financial Accounting Standards Council, RR 20 Interim Reporting.

The Council's Recommendation RR1:00 – Consolidated Reporting – is to be applied from 2002 onwards. Application of this recommendation does not have any material effect on results or the financial situation. Therefore, no adjustments have been made for the comparative year.

Otherwise, the principles applied are the same as those used for the previous year.

Future reporting dates

Interim report January–September
Year end report 2002

23 October 2002
February 2003

Stockholm, 23 August 2002

Henrik Ekelund
President and CEO

*Open telephone meeting with Henrik Ekelund on Friday, 23 August, 14.00–14.30. Tel. +46 8-598 001 04

Audit report

I have reviewed this Interim Report and have thereby complied with the recommendation issued by FAR, the Swedish Institute of Authorised Public Accountants.

Compared to an audit, a review is essentially limited.
Nothing has, however, emerged which would indicate that the Interim Report does not comply with the requirements of the Swedish Stock Exchange and the Annual Accounts Act.

Stockholm, 23 August 2002

Lars Berglund
Authorised public accountant

For additional information, please contact:
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INCOME STATEMENT, Summary

KSEK

	3 months ended		6 months ended		12 months ended	
	Jun. 30	Jun. 30	Jun. 30	Jun. 30	Jun. 30	Dec. 31
	2002	2001	2002	2001	2002	2001
Revenues	58 617	63 260	90 863	102 621	185 129	196 887
Operating expenses	-46 804	-52 432	-89 114	-97 726	-173 649	-182 261
Depreciation	-520	-524	-1 042	-1 050	-1 974	-1 982
Operating result	11 293	10 303	707	3 845	9 506	12 644
Financial income and expenses	396	-209	762	-680	-51	-1 493
Result before tax	11 689	10 095	1 469	3 165	9 455	11 151
Minority shareholding	-122	0	-122	0	-122	0
Taxes	-3 733	-2 981	-379	-814	-778	-1 213
Result for the period	7 834	7 114	968	2 351	8 555	9 938
Earnings per share, before dilution of shares, SEK	1,33	1,50	0,17	0,52	1,46	1,92
Number of shares at end of period	5 897 300	5 828 000	5 897 300	5 828 000	5 897 300	5 828 000
Average number of shares before dilution of shares	5 897 300	4 744 667	5 862 650	4 536 333	5 845 325	5 182 167
Earnings per share, after dilution of shares, SEK	1,33	1,43	0,16	0,49	1,46	1,87
Average number of shares after dilution of shares	5 912 498	4 986 652	5 877 848	4 778 319	5 860 524	5 318 530

BALANCE SHEET , Summary

KSEK

	06-30-02	06-30-01	12-31-01
Assets			
Intangible fixed assets	547	912	729
Tangible assets	3 127	4 598	3 861
Other fixed assets	2 258	1 614	2 490
Accounts receivable	43 806	43 134	38 768
Other current assets	16 635	14 594	15 272
Cash and bank	54 681	65 303	68 249
Total assets	121 054	130 154	129 369
Equity and liabilities			
Equity	99 136	97 178	103 579
Minority shareholding	115	0	0
Deferred tax liability	0	800	0
Interest bearing liabilities	98	788	187
Other liabilities	21 705	31 388	25 603
Total equity and liabilities	121 054	130 154	129 369

CASH FLOW STATEMENT, Summary

KSEK

	Jan.-Jun.	Jan.-Jun.	Jan.-Dec.
	2002	2001	2001
Cash flow from current operations	-7 602	-8 156	-1 150
Cash flow from investment activities	-462	-843	-1 101
Cash flow from financing operations	-601	49 099	47 450
Effect of exchange rate changes on cash	-4 903	1 196	-957
Change in liquid funds	-13 568	41 296	44 242
Liquid funds, opening balance	68 249	24 007	24 007
Liquid funds, closing balance	54 681	65 303	68 249

CHANGES IN EQUITY

KSEK

	Total Equity 06-30-02	Total Equity 06-30-01
<u>Opening balance</u>	103 579	16 161
New capital issue	2 169	78 137
Divident to shareholders	-2 914	0
Conversion differences	-4 666	529
Result for the period	968	2 351
<u>Closing balance</u>	<u>99 136</u>	<u>97 178</u>

KEY RATIOS

	Apr.-Jun. 2002	Apr.-Jun. 2001	Jan.-Jun. 2002	Jan.-Jun. 2001	12 months ended Jun. 30, 2002	Jan.-Dec. 2001
Revenues, KSEK	58 617	63 260	90 863	102 621	185 129	196 887
Operating result, KSEK	11 293	10 303	707	3 845	9 506	12 644
Operating margin, %	19	16	1	4	5	6
Profit margin, %	13	11	1	2	5	5
Operating capital, KSEK	44 667	32 663	44 667	32 663	44 667	35 517
Return on equity, %	31	52	2	8	8	17
Return on operational capital, %	27	34	2	14	23	44
Solidity at end of period, %	82	75	82	75	82	80
Cash flow, KSEK	-2 186	49 790	-13 568	41 296	-10 622	44 242
Liquid funds at end of period, KSEK	54 681	65 303	54 681	65 303	54 681	68 249
Average number of employees	112	129	115	129	121	125
Number of employees at end of the period	108	131	108	131	108	119
Revenues for the year per employee, KSEK	2 093	1 962	1 580	1 591	1 533	1 575

DEFINITIONS**Operating Margin:**

Operating result after depreciation as a percentage of revenues.

Profit Margin:

Result for the period as a percentage of revenues.

Operational Capital:

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

Return on equity:

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

Return on Operational Capital:

Operating result as a percentage of average operational capital.

Solidity:

Equity as a percentage of total balance sheet.

Revenues for the Year per Employee:

Revenues divided by average number of employees.