

BTS Group AB (publ)

Interim Report 1 January- 30 September 2006

Continued good growth in revenues and earnings

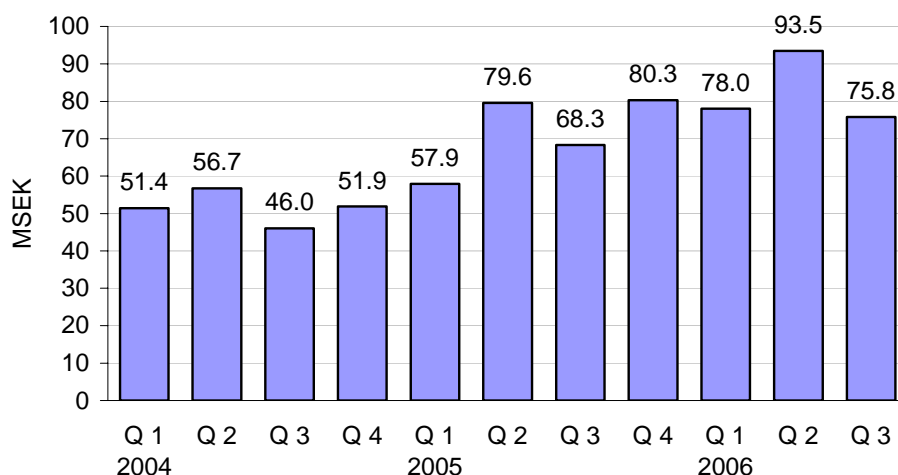
- Net turnover during the nine month period has increased by 20 per cent and amounted to MSEK 247.3 (205.8). Adjusted for changes in exchange rates, growth amounted to 18 per cent.
- Net turnover for the third quarter increased by 11 per cent to MSEK 75.8 (68.3). Adjusted for changes in exchange rates, growth amounted to 16 per cent.
- Earnings for the nine month period:
 - the operating profit increased by 23 per cent to MSEK 42.3 (34.4)
 - the operating margin before depreciation and amortization (EBITDA – margin) amounted to 19 (18) per cent
 - the operating margin amounted to 17 (17) per cent
 - the profit before tax increased by 7 per cent to MSEK 42.5 (39.6)
 - the profit after tax increased by 4 per cent to MSEK 27.0 (26.1)
 - the earnings per share amounted to SEK 1.52 (1.46)
- Earnings for the third quarter:
 - the operating profit increased by 11 per cent to MSEK 9.7 (8.7)
 - the operating margin before depreciation and amortization (EBITDA – margin) amounted to 15 (14) per cent
 - the operating margin amounted to 13 (13) per cent
 - the profit before tax increased by 8 per cent to MSEK 9.5 (8.8)
 - the profit after tax amounted to MSEK 5.9 (5.7)
- The inflow of new clients during the nine month period has been good, including Anglo American, BBVA, Bank of America, EADS, Exxon Mobil, National Australia Bank, National Semi Conductor and US Cellular.
- BTS has finalized the acquisition of all the business operations within The Advantage Performance Group (APG) and The Real Learning Company (RLC).

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

Turnover

BTS' net turnover increased during the nine month period by 20 per cent and amounted to MSEK 247.3 (205.8). Adjusted for changes in exchange rates, primarily in USD, growth was 18 per cent.

Net turnover per quarter 2004 - 2006



Earnings

The Groups' profit before tax for the nine month period increased by 7 per cent to MSEK 42.5 (39.6). Net financial income and expenses in the result before tax for the first nine months of the previous year, included a positive currency effect of MSEK 4.3 attributable to the acquisition financing of SMG Learning Solutions. Adjusted for this currency effect, the profit before tax increased by 20 per cent during the nine month period.

The operating profit during the nine month period increased by 23 per cent to MSEK 42.3 (34.4). The operating margin was 17 (17) per cent. The operating profit during the nine month period was affected by MSEK 2.3 (1.4) due to amortization of intangible assets attributable to prior acquisitions.

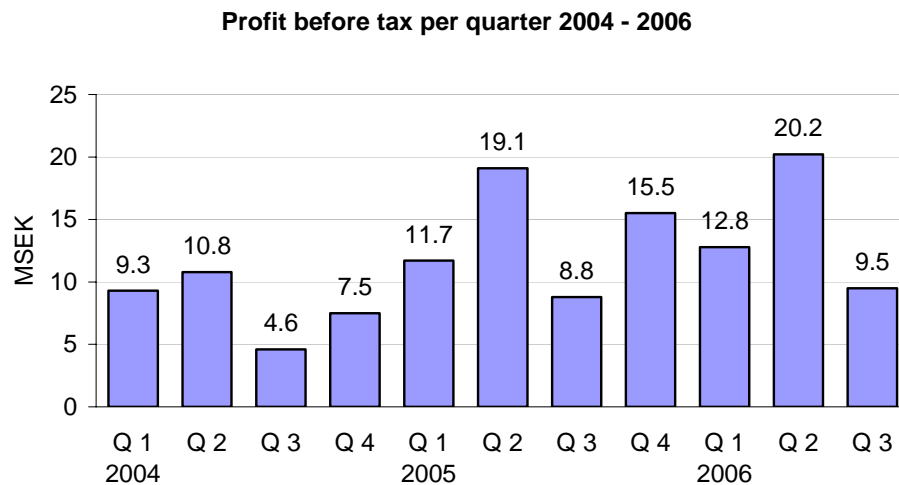
On a rolling 12-month basis, the operating profit amounted to MSEK 56.6 (41.4) and the operating margin was 17 (16) per cent.

Earnings for the acquired units (The Advantage Performance Group and The Real Learning Company) with regard to the period from the acquisition date 25 September up to 31 December, 2006, will be reported in the next quarter.

The Third Quarter

The turnover during the third quarter was MSEK 75.8 (68.3), an increase of 11 per cent compared with the corresponding period in 2005. As BTS' operations in the USA are the company's largest individual market and account for approx. 60 per cent of the turnover, the group's turnover during the third quarter was affected by the development of the dollar against the krona. During the third quarter of the year, the dollar has weakened against the krona. The group's turnover, adjusted for changes in exchange rates increased by 16 per cent during the third quarter.

The profit before tax increased by 8 per cent in the third quarter and amounted to MSEK 9.5 (8.8). The operating profit increased by 11 per cent to MSEK 9.7 (8.7). The operating margin amounted to 13 (13) per cent.



The market and the market development

According to IDC – the leading market survey company – the market for "corporate training in business skills" will grow by 8 per cent on average during the period 2005 – 2009. BTS opinion and experience is that the market segment for training based on simulation technology will grow more rapidly than the market in general. The companies that make up BTS' target group, i.e. large international companies and organizations, tend to have to deal with a faster rate of change, new technologies and new competition. As a result, they tend to invest more in the development and improvement of products and processes.

Training solutions based on tailor-made simulations have proved to be superior to conventional training as regards both efficiency and results – which explains why clients are increasingly choosing solutions of this kind.

Based on the development described above, the market for BTS' products and services has shown strong growth during 2006 which is estimated to continue during the rest of the year. In the United States, demand remains high for training-related services that support company change processes aimed at improving efficiency and profitability. The market in Europe is now characterized by increased demand.

For many years, BTS has been the leading player on the market for training conducted through tailor-made business simulations and currently has commissions from 26 of the 100 largest companies in the world, which should be compared with 22 during the corresponding period in 2005. BTS continues to capture market shares from players such as other training and management consultants and business schools and positions itself as the most effective partner to assist companies implement strategic changes.

Assignments and new clients

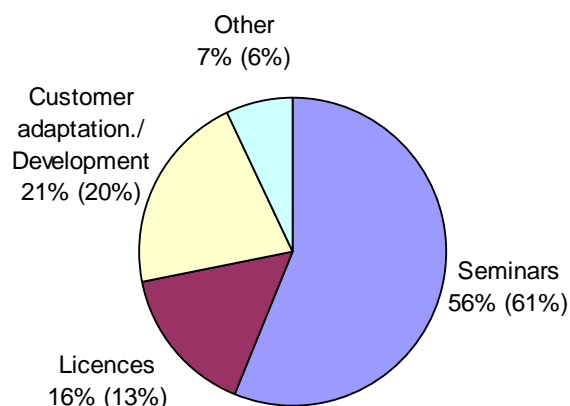
The inflow of new clients during the nine month period has been good with among others, Anglo American, Atlanta Gas & Light, BBVA, Bank of America, Bechtel,

Coach, EADS, Exxon Mobil, Gtech, Linfox, Medtronic, National Australia Bank, National Semi Conductor, Pacific Brands, Sanitas, Spainsoft, Stockland, United States Investigative Services, US Cellular and Quaker Chemicals.

Revenue development

During the nine month period, the share of revenue from licences increased to 16 (13) per cent. The increase primarily relates to the acquisition of Business Game Factory (BGF).

**Net turnover per revenue
category 1 January - 30 September 2006**



Operative units

**Net turnover per operative unit
(MSEK)**

	July-Sept		Jan-Sept		2005/06 rolling 12 months	2005 Full year
	2006	(2005)	2006	(2005)		
BTS North America	48.1	(43.3)	150.8	(125.8)	201.2	176.2
BTS Europe	21.4	(18.9)	81.6	(64.7)	105.5	88.6
BTS Other markets	6.3	(6.1)	14.9	(15.3)	20.9	21.3
Total	75.8	(68.3)	247.3	(205.8)	327.6	286.1

**Operating profit per operative unit
(MSEK)**

	July-Sept		Jan-Sept		2005/06 rolling 12 months	2005 Full year
	2006	(2005)	2006	(2005)		
BTS North America	6.9	(4.7)	26.8	(18.5)	35.5	27.2
BTS Europe	1.1	(2.6)	13.5	(13.1)	18.3	17.9
BTS Other markets	1.7	(1.4)	2.0	(2.8)	2.8	3.6
Total	9.7	(8.7)	42.3	(34.4)	56.6	48.7

BTS North America

During the nine month period, net turnover for BTS' operations in North America amounted to MSEK 150.8 (125.8). In local currency, turnover increased by 17 per cent. The operating profit improved to MSEK 26,8 (18,5). The operating margin was 18 (15) per cent.

For the third quarter, net turnover in local currency increased by 18 per cent compared to the corresponding period in 2005. The operating margin for the third quarter was 14 (11) per cent.

BTS Europe

Net turnover for BTS Europe amounted to MSEK 81.6 (64.7) during the nine month period. In local currencies, turnover increased by 25 per cent. The operating profit increased to MSEK 13,5 (13,1). The operating margin was 17 (20) per cent.

The net turnover for the third quarter amounted to MSEK 21.4 (18.9), in local currencies turnover increased by 15 per cent. The operating margin was 5 (14) per cent. The lower growth and lower operating margin during the third quarter were due to a significant revenue decline in BTS Nordic.

BTS Other Markets

During the nine month period, the net turnover for BTS Other Markets decreased to MSEK 14.9 (15.3). The operating margin was 13 (19) per cent. The operating profit amounted to MSEK 2.0 (2.8).

The net turnover for the third quarter amounted to MSEK 6.3 (6.1). In local currencies, turnover increased by 13 per cent. The operating profit amounted to MSEK 1.7 (1.4) and the operating margin was 27 (23) per cent.

BTS' acquisition of The Advantage Performance Group and The Real Learning Company

BTS' acquisition strategy aims to build a broader base for future organic growth, by means of active consolidation of a fragmented market and by more opportunities to offer new and existing customers new products and services.

On 25 September, BTS finalized the acquisition of all of the business operations within The Advantage Performance Group (APG) and The Real Learning Company (RLC). The acquisition of APG and RLC provides BTS with some of the USA's most experienced people within the training sector as well as a large client base with the focal point on Fortune 1000-companies in the USA. Through RLC, BTS gains access to a high quality product portfolio with a focus on sales and management training in addition to development resources within the areas where BTS has a target to grow. APG's franchise organisation comprises the equivalent of 35 full-time operative sales people and product specialists who work exclusively with APG's portfolio of training products. In addition, APG has access to over 100 qualified trainers who are responsible for the implementation of the project.

During 2005, APG and RLC recorded a consolidated turnover of MUSD 21.3 (corresponding approximately to 40 per cent of BTS's turnover 2005) with an operating profit of approximately MUSD 2.2. During the period, 2000 – 2005, the consolidated turnover for APG and RLC grew on average by more than 10 per cent per year, including the challenging years 2001 – 2003.

The impact of the acquisition on position and earnings

The increase in goodwill and other intangible assets in the group's balance sheet for the third quarter relates exclusively to these acquisitions. Acquired assets consist, among others, of client contracts, trademarks, software/products and goodwill. An external market valuation has taken place in connection with the acquisition. The acquisition analysis is preliminary, which means that the value of the intangible assets is not finalized. The finalized valuation will be presented in the next report. Preliminary acquired working capital as shown below is reported within other current assets in this report.

The acquisition was carried out as at 25 September 2006. The earnings for the acquired units relating to the period from the acquisition date 25 September up to 31 December, 2006, will be reported in the next quarter. The earnings in this report are accordingly only affected by the financing as shown below.

Purchase price and financing

BTS has acquired all business operations forming part of APG and RLC including all intellectual property as well as a preliminary net working capital of MUS\$ 1.5, without taking over any interest-bearing liabilities. Final cash payment to the sellers will be determined when final working capital is defined, with financial statements verified by an auditor as the basis.

The agreed purchase price consists of:

- USD 2.0 million in the form of a new share issue to the sellers of 356 400 B shares at SEK 40.93 using the mandate given at the last Annual General Meeting. The shares issued have a lock-up period of 2.5 years
- Up front cash payment of USD 16.9 million of which USD 13.8 million is financed through USD based loans. The remaining USD 3.1 million is financed by BTS own cash position
- An earn-out, maximized to USD 4.0 million which will be financed using BTS operating cash flow. The earn-out will be paid if the purchased businesses meet specific profitability targets during 2006 and 2007

Financial position

BTS' cash flow from operating activities has amounted to MSEK 8.4 (4.1) during the nine month period.

BTS' net financial items were MSEK 0.2 (5.2) during the nine month period. The net financial items in the profit before tax during the nine month period of the previous year included a positive currency effect of MSEK 4.3 attributable to the acquisition financing of SMG Learning Solutions.

At the end of the third quarter, BTS' solidity was 44 (72) per cent.

Available liquid funds amounted to MSEK 60.7 (77.0) at the end of the period.

At the balance sheet date, the Company had no outstanding conversion loans or warrants.

Employees

The number of employees in the BTS Group AB as at 30 September was 162 (142). The average number of employees during the period was 157 (137). The employees that are added to the group from the acquisition companies APG and RLC are reported in the next report.

The Parent Company

The Company's net turnover amounted to MSEK 1.3 (1.5) and the profit after net financial items amounted to MSEK 11.5 (4.6) Liquid funds amounted to MSEK 8.9 (19.0).

Prospects for 2006

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

Accounting principles

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

Nomination of Board Members

At the annual meeting on 7 April 2006 it was stated that the chairman of the Board in cooperation with the major shareholders will make preparations for the nomination of the Board.

Shareholders wishing to propose a person for nomination may do so in writing to the chairman of the Board c/o BTS Group AB, Grevgatan 34, 114 53 Stockholm, no later than 31 January, 2007.

Nomination of Board members is intended to be announced in the notice convening the next annual meeting.

Upcoming reporting dates

Year-end report

22 February 2007

Stockholm, 19 October 2006

Henrik Ekelund
Chief Executive Officer

Contact information

Henrik Ekelund	CEO	Phone: +46 733 500 150
Stefan Brown	CFO	Phonel: +46 8 5870 7062
Thomas Ahlerup	Senior Vice President Corporate Communications	Phone: +46 8 5870 7002, Cell +46 768-966 300

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

BTS Group AB
Grevgatan 34
114 53 Stockholm
SWEDEN
Corporate Identity Number: 556566-7119
Phone. +46 8 58 70 70 00
Fax. +46 8 58 70 70 01
www.bts.com

This is a translation of the Swedish version

**INCOME STATEMENT, Summary
KSEK**

	3 months ended		9 months ended		12 months ended	
	Sept 30 2006	Sept 30 2005	Sept 30 2006	Sept 30 2005	Sept 30 2006	Dec 31 2005
Revenues	75 770	68 266	247 280	205 787	327 612	286 119
Operating expenses	-64 714	-58 384	-200 990	-168 707	-265 865	-233 582
Depreciation tangible assets	-607	-572	-1 700	-1 317	-2 155	-1 772
Amortization intangible assets	-762	-640	-2 337	-1 396	-3 010	-2 069
Operating result	9 687	8 670	42 253	34 367	56 582	48 696
Financial income and expenses	-234	99	207	5 234	1 335	6 362
Result before tax	9 453	8 769	42 460	39 601	57 917	55 058
Taxes	-3 562	-3 072	-15 480	-13 545	-20 216	-18 281
Result for the period	5 891	5 697	26 980	26 056	37 701	36 777
attributable to minority interest	93	89	104	239	-1	134
attributable to equity holders of the parent	5 798	5 608	26 876	25 817	37 702	36 643
Earnings per share, before dilution of shares, SEK	0,33	0,32	1,52	1,46	2,13	2,07
Number of shares at end of the period	17 691 900	5 897 300	17 691 900	5 897 300	17 691 900	5 897 300
Average number of shares before dilution of shares	17 691 900	5 897 300	17 691 900	5 897 300	17 691 900	5 897 300
Earnings per share, after dilution of shares, SEK	0,33	0,32	1,52	1,46	2,13	2,07
Average number of shares after dilution of shares	17 706 054	5 897 300	17 706 054	5 897 300	17 706 054	5 897 300
Dividend per share						0,92

(Prior year's earnings per share and dividend per share have been adjusted by a correction factor of 0.3333 due to the split 3:1 in May 2006)

**BALANCE SHEET , Summary
KSEK**

	09-30-06	09-30-05	12-31-05
Assets			
Goodwill	166 362	20 410	35 683
Other intangible assets	52 151	13 388	15 295
Tangible assets	5 185	5 056	5 435
Other fixed assets	2 515	1 603	1 726
Accounts receivable	60 473	60 260	64 198
Other current assets	34 812 ¹	16 553	14 490
Cash and bank	60 735	77 024	101 145
Total assets	382 233	194 294	237 972
Equity and liabilities			
Equity	166 228	140 289	151 468
Minority shareholding	600	508	405
Total Equity	166 828	140 797	151 873
Non interest bearing - non current liabilities	120	442	169
Interest bearing - current liabilities	101 265	-	2 075
Non interest bearing - current liabilities	114 020	53 055	83 855
Total equity and liabilities	382 233	194 294	237 972

**CASH FLOW STATEMENT, Summary
KSEK**

	Jan-Sept 2006	Jan-Sept 2005	Jan-Dec 2005
Cash flow from current operations	8 445	4 054	37 455
Cash flow from investment activities	-143 554	-35 702	-42 382
Cash flow from financing operations	99 532	-9 490	-12 316
Change in liquid funds	-40 410	-33 453	-9 332
Liquid funds, opening balance	101 145	110 477	110 477
Liquid funds, closing balance	60 735	77 024	101 145
Effect of exchange rate changes on cash	-4 833	7 685	7 911

CHANGES IN EQUITY

KSEK

	Total Equity 09-30-06	Total Equity 09-30-05	Total Equity 12-31-05
Opening balance	151 873	116 812	116 812
Dividend to shareholders	-16 218	-9 436	-9 436
Conversion differences	-8 324	7 365	7 720
Miscellaneous	956	-	-
Acquired working capital	11 561 ¹	-	-
Result for the period	26 980	26 056	36 777
Closing balance	166 828	140 797	151 873

¹ Acquired preliminary net working capital APG & RLC, an equivalent amount is also included in the item "Other current assets"

KEY RATIOS

	12 months ended					
	July-Sept 2006	July-Sept 2005	Jan-Sept 2006	Jan-Sept 2005	Sept 30 2006	Dec 31 2005
Revenues, KSEK	75 770	68 266	247 280	205 787	327 612	286 119
EBITDA (Earnings before interest, tax, depreciation and amortisation), KSEK	11 056	9 882	46 290	37 080	61 747	52 537
EBIT (Operating result), KSEK	9 687	8 670	42 253	34 367	56 582	48 696
EBITDA-margin (Earnings before interest, tax, depreciation and amortisation margin), %	15	14	19	18	19	18
EBIT-margin (Operating margin), %	13	13	17	17	17	17
Profit margin, %	8	8	11	13	12	13
Operational capital, KSEK	207 358	63 773	207 358	63 773	207 358	52 804
Return on equity, %	15	16	23	27	24	27
Return on operational capital, %	7	12	32	98	44	165
Solidity at end of the period, %	44	72	44	72	44	64
Cash flow, KSEK	-9 746	15 967	-40 410	-33 453	-16 289	-9 332
Liquid funds at end of the period, KSEK	60 735	77 024	60 735	77 024	60 735	101 145
Average number of employees	161	142	157	137	156	143
Number of employees at end of the period	162	142	162	142	162	150
Revenues for the year per employee, KSEK	1 882	1 923	2 100	2 003	2 097	2 001

DEFINITIONS

Earnings per share

Earnings attributable to the parent company's shareholders divided by number of shares (prior year's earning per share adjusted by a correction factor of 0.3333 due to split 3:1 of shares in May 2006).

EBITDA-margin (Earnings before interest, tax, depreciation and amortisation margin)

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

EBIT-margin (Operating margin)

Operating result after depreciation as a percentage of revenues.

Profit margin

Result for the period as a percentage of revenues.

Operational capital

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

Return on equity

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

Return on operational capital

Operating result as a percentage of average operational capital.

Solidity

Equity as a percentage of total balance sheet.

Revenues for the year per employee

Revenues (converted into whole year) divided by average number of employees.