TRAINERS’ HOUSE GROUP’S INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2011

Trainers’ House showed a profit for the first quarter

January–March 2011 in brief
- Net sales from continuing operations came to €4.4 million (comparative: €4.2 million).
- Operating profit (EBIT) from continuing operations before non-recurring items and depreciation resulting from the allocation of the acquisition cost was €0.7 million (€0.6 million), or 14.8% of net sales (14.1%).
- The operating result from continuing operations after these items was €0.2 million (€0.1 million), or 5.5% of net sales (1.9%).
- Cash flow from operating activities was -€0.2 million (€0.3 million).
- Earnings per share for continuing operations totalled €0.00 (-€0.0).

Key figures at the end of the first quarter of 2011
- Liquid assets totalled €3.4 million (Q1/2010 comparative: €7.0 million).
- Interest-bearing liabilities amounted to €9.9 million (€16.7 million), and interest-bearing net debt totalled €6.4 million (€9.7 million).
- Net gearing was 18.2% (17.3%).
- The equity ratio was 68.2% (68.6%).

OUTLOOK FOR 2011

The company expects net sales to grow and operating profit after depreciation resulting from the allocation of acquisition costs to improve year on year.

REPORT OF VESA HONKANEN, CEO

The result for the period under review showed a profit. Trainers’ House net sales and operating profit showed a year-on-year improvement in the first quarter of 2011.

The training market is changing. Customers’ demand is directed at services that support success and learning in the results-oriented everyday work.

A prerequisite for successful business operations is healthy personnel with good work capacity, who enjoy their work. Trainers’ House’s new work capacity management methods provide companies with the means of reducing work-related ill-being.

More professionals have been recruited during the period under review. To ensure continued positive development, resources will be strengthened also during the remainder of the year.

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REVIEW OF OPERATIONS

Trainers' House is a training and marketing company that helps its customers grow by supporting their everyday leadership.

This task is executed by offering customers business-critical training based on the utilisation of marketing systems (Ignis) and management systems (SaaS).

Trainers' House projects are usually connected with clarifying our customers' strategies; marketing the strategies; and implementing them by spurring sales, by enhancing customer service (for example, through service design), and by developing the work of leaders and supervisors along with the skills of their subordinates. Managing work capacity through physical and mental coaching holds an important role in an increasing number of customer projects.

The results of customer projects are verified by auditing customers' everyday work and by bringing in management systems to help monitor the activities.

Trainers' House implements some 600 bespoke customer projects each year, in close co-operation with the customers. In addition, the company coaches hundreds of its customers' representatives each year in personal management training programmes.

The 2010 financial year was a time of significant structural changes for the company. Now we strive for growth from an even more well-defined foundation. The signs of recovery in the business environment at the end of last year have not yet manifested themselves in a concrete increase in order intake; the company's order intake was at the same level as in the equivalent period of last year.

FINANCIAL PERFORMANCE

Trainers' House net sales and operating profit showed a year-on-year improvement in the first quarter of 2011. The structural changes and savings measures previously implemented also resulted in improvement of the operations' profitability in comparison to the last quarter of 2010. After eight loss-making quarters, the company made a profit.

Net sales from continuing operations in the period under review came to €4.4 million (comparative: €4.2 million). Operating profit from continuing operations before depreciation resulting from the allocation of the acquisition cost of Trainers' House Oy was €0.7 million, or 14.8% of net sales (€0.6 million, or 14.1% of net sales). Profit for the period was €0.1 million, or 1.7% of net sales (-€0.1 million, or -1.7%).

Result

The comparative figures used for reporting on operating profit include the operating profit reported as well as operating profit before depreciation of allocated acquisition costs related to the acquisition of Trainers' House Oy and non-recurring items (i.e., operating profit, EBIT). According to the company's management, these figures provide a more accurate view of company productivity.

The following table itemizes the Group's key figures (in thousands of euros):

	1-3/2011	1-3/2010
Net sales	4,420	4,180
Costs:		

Personnel-related expenses	-1,963	-2,263
Other expenses	-1,658	-1,206
EBITDA	798	711
Depreciation of non-current assets	-145	-123
Operating profit before depreciation of acquisition cost	653	588
% of net sales	14.8	14.1
Depreciation of allocation of acquisition cost *)	-410	-508
EBIT	244	79
% of net sales	5.5	1.9
Financial income and expenses	-136	-320
Profit/loss before tax	108	-241
Tax **)	-32	86
Profit/loss for the period continuing operations	76	-155
% of net sales	1.7	-3.7
Discontinued operations ***)		82
Profit/loss for the period	76	-73

*) Of the purchase price for Trainers' House Oy in 2007, €10.2 million has been allocated to intangible assets with a limited useful life. This item is depreciated over five years. The total remaining portion of this item will be depreciated as follows: €1.6 million in 2011 and €1.4 million in 2012.

**) The tax included in the income statement is deferred. Taxes recognized in the income statement have no effect on cash flow. On 31 March 2011, the company's balance sheet included deferred tax assets from losses carried forward in the amount of €1.5 million. Tax loss carry-forwards must be utilised within 10 years from their recognition. Of the deferred tax assets, €1.0 million will expire in 2011–2012 and the remaining €0.5 million in 2019.

***) Discontinued operations are specified in the notes.

The following table itemizes the distribution of net sales from continuing operations and shows the quarterly profit/loss from the beginning of 2010 (in thousands of euros.

	Q110	Q210	Q310	Q410	2010	Q111
Net sales	4180	4168	2831	4398	15578	4420
Operating profit before depreciation of acquisition cost *)	588	483	-81	118	1107	653
Operating profit	79	-575	-590	-14728	-15814	244

*) excluding non-recurring items

LONG-TERM OBJECTIVES

The company’s long-term objective is profitable growth.

FINANCING, INVESTMENTS, AND SOLVENCY

Hybrid bond

On 15 January 2010, Trainers’ House Plc issued a €5.0 million domestic hybrid bond. Interest in the amount of €0.5 million has been paid on the hybrid bond to the subscribers. The interest paid reduces the non-restricted equity and is not recognised as income.

Cash flow and financing

Cash from operating activities before financial items totalled €0.3 million (€0.4 million), and after financial items -€0.2 million (€0.3 million).

There were no investments in the first quarter of 2011 (-€0.1 million). Cash flow from financing came to -€0.1 million (€4.9 million).

Total cash flow amounted to -€0.3 million (€5.1 million).

On 31 March 2011, the Group’s liquid assets totalled €3.4 million (€7.0 million). The equity ratio was 68.2% (68.6%), and net gearing was 18.2% (17.3%). At the end of the period under review, the company had €9.9 million (€16.7 million) of interest-bearing debt.

Financial risks

Currency risks are insignificant, because Trainers’ House operates principally in the euro area. Interest rate risk is managed by covering some of the risk with hedging agreements. A bad-debt provision, which is booked on the basis of ageing and case-specific risk analyses, covers risks to accounts receivable.

SHORT-TERM BUSINESS RISKS AND FACTORS OF UNCERTAINTY

Risks in the company’s operating environment have remained unchanged in the first quarter. On account of the project-based nature of the company’s operations, the order life cycle is short, which makes it more difficult to estimate future developments. The situation has improved with the overall economic recovery, but long-term trends remain unclear.

Short-term risks

The Group’s goodwill and deferred tax assets recognised in the balance sheet were re-tested for impairment at the end of the first quarter. No goodwill write-downs were judged necessary from the results of this impairment testing.

If the company’s profitability should fail to develop as predicted, or if external factors beyond the company’s control, such as interest rates, should change significantly, there is a risk that some of the Group’s goodwill may have to be written down. Such a write-down would not affect the company’s cash flow.

At the end of the period under review, Trainers’ House Plc’s balance sheet included deferred tax assets from losses carried forward in the amount of €1.5

million. If the Group's taxable income does not reach approximately €4.6 million for 2010–2012, there is a risk of some of the deferred tax assets recognised in the consolidated balance sheet being unable to be utilised and therefore having to be written down. Of the deferred tax assets, €0.5 million will expire in 2019. However, any such write-down would not affect the company's cash flow.

In connection with the merger of Trainers' House Oy and Satama Interactive Plc, the company concluded a loan agreement in the amount of €40 million. At the end of the period under review, the company had loans related to this loan agreement in an amount of €9.2 million. The loan agreement includes standard covenants, including one concerning the ratio of net debt to EBITDA.

If the company's profitability should fail to develop as expected, there would be a risk of the company being unable to fulfil the covenants, which would increase financial expenses.

Risks are discussed in more detail in the annual report and on the company's Web site, at www.trainershouse.fi > Investors.

PERSONNEL

At the end of March 2011, the Group employed 132 people (from 163 in March 2010).

DECISIONS REACHED AT THE ANNUAL GENERAL MEETING

The Annual General Meeting of Trainers' House Plc was held on 23 March 2011.

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided that no dividend be paid for the 2010 financial year.

The Annual General Meeting adopted the company's financial statements for 2010 and discharged the members of the Board of Directors and the CEO from liability for the period 1 January to 31 December 2010.

It was confirmed that the Board of Directors shall consist of six members. Aarne Aktan, Tarja Jussila, Kai Seikku, and Matti Vikkula were re-elected as members of the Board of Directors. Jari Sarasvuo and Jarmo Hyökyvaara were elected as new members of the Board. The Annual General Meeting decided on a monthly emolument for a Board member of €1,500 and of €3,500 for the chairman of the Board.

In its assembly meeting held after the AGM, the Board of Directors elected Aktan as its chairman. Authorised Public Accountants Ernst & Young Oy were elected as the company's auditors.

ACTING MANAGEMENT

Vesa Honkanen acts as the CEO of Trainers' House Plc, and Mirkka Vikström as the company's CFO.

The Board of Directors of Trainers' House Plc appointed Vesa Honkanen, M.Tech., as the new chief executive officer of the company with effect from 25 January 2011.

Honkanen has been with the company since 1997 in numerous positions, most recently as deputy CEO, responsible for the training business of Trainers' House Plc. His previous responsibilities also include acting as the CEO of Trainers' House Oy.

SHARES AND SHARE CAPITAL

The shares of Trainers' House Plc are listed on NASDAQ OMX Helsinki Ltd under the symbol TRH1V.

At the end of the period reviewed, Trainers' House Plc had issued 68,016,704 shares and the company's registered share capital amounted to €880,743.59. No changes took place in the share capital or number of shares during the period under review.

Share performance and trading

In the period under review, 3.5 million shares in total, or 5.1% of the average number of all company shares (6.2 million shares, or 9.1%), were traded on the Helsinki stock exchange, for a value of €1.1 million (€2.8 million). The period's highest share quotation was €0.36 (€0.53) and the lowest €0.27 (€0.43); the closing price was €0.28 (€0.47). The weighted average price was €0.32 (€0.46). With the closing price for 31 March 2011, the company's market capitalisation was €19.0 million (€32.0 million).

PERSONNEL OPTION PROGRAMMES

Trainers' House Plc has one option programme for its personnel, included in the personnel's commitment and incentive scheme.

The Annual General Meeting held on 25 March 2010 decided to initiate an employee option programme for key employees at Trainers' House and its subsidiaries.

The number of option rights granted shall not exceed 5,000,000, and the option rights shall entitle their holders to subscribe for no more than 5,000,000 new shares or treasury shares in total. The subscription price for the 2010A warrant is €0.46 and for the 2010B warrant €0.29. The subscription period for shares converted under the 2010A warrant runs from 1 September 2011 to 31 December 2012, and that for shares converted under the 2010B warrant is 1 September 2012 to 31 December 2013.

The total number of warrants granted to the personnel is 1.8 million. A total cost of €0.04 million has been expensed for the 2011 financial year.

CONDENSED FINANCIAL STATEMENTS AND NOTES

The Group divested its IT project business in August 2010, and the comparative figures for 2010 have been adjusted to correspond to the structure of the continuing and divested operations.

This report was compiled in accordance with the IAS 34 standard.

Amendments to and interpretations of published standards, as well as the new standards in effect as of 1 January 2010, are presented in detail in the financial statements for 2010. Adoption of the standards did not cause any impact on the accounting principles applied for the financial statements that would have called for retroactive changes to previous years' figures.

In producing this interim report, Trainers' House has applied the same accounting principles for key figures as in its 2010 financial statements. The calculation of key figures is described on page 50 of the financial statements included in the Annual Report 2010.

The figures given in the interim report are unaudited.

INCOME STATEMENT, IFRS (kEUR)

	Group 01/01-31/03/11	Group 01/01-31/03/10	Group 01/01-31/12/10
CONTINUING OPERATIONS			
NET SALES	4,420	4,180	15,578
Other income from operations	163	21	263
Costs:			
Materials and services	669	383	2,231
Personnel-related expenses	1,963	2,263	8,522
Depreciation	555	631	2,549
Impairment			14,445
Other operating expenses	1,152	844	3,908
Operating profit/loss	244	79	-15,814
Financial income and expenses	-136	-320	-1,094
Profit/loss before tax	108	-241	-16,907
Tax*)	-32	86	689
Profit/loss for the period continuing operations	76	-155	-16,218
Discontinued operations		82	-4,781
PROFIT/LOSS FOR THE PERIOD	76	-73	-20,999
Other comprehensive income:			
Cash flow hedges	75	-8	178
Income tax relating to components of other comprehensive income	-20	2	-46
Other comprehensive income for the year, net of tax	56	-6	132
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	131	-79	-20,867
Profit/loss attributable to:			
Owners of the parent company	76	-73	-20,999

Total comprehensive income attributable to:			
Owners of the parent company	131	-79	-20,867
Earnings per share, undiluted:			
EPS result for the period from continuing operations	0.00	-0.00	-0.24
EPS attributable to hybrid bond investors	-0.00		-0.01
EPS continuing operations	0.00	-0.00	-0.24
EPS result for the period from discontinued operations		0.00	-0.07
EPS attributable to equity holders of the parent company	0.00	-0.00	-0.31
EPS result for the period	0.00	-0.00	-0.31

Diluted earnings per share are the same as undiluted earning per share.

*) The tax included in the income statement is deferred.

BALANCE SHEET IFRS (kEUR)

	Group 31/03/11	Group 31/03/10	Group 31/12/10
ASSETS			
Non-current assets			
Property, plant and equipment	932	478	1,032
Goodwill	25,806	50,968	25,806
Other intangible assets	12,430	14,470	12,871
Other financial assets	202	3	202
Other receivables	3,127	589	3,127
Deferred tax receivables	1,567	3,397	1,717
Total non-current assets	44,063	69,906	44,754
Current assets			
Inventories	11	12	11
Accounts receivables and other receivables	4,216	5,130	4,121
Cash and cash equivalents	3,424	6,977	3,686
Total current assets	7,651	12,119	7,817
TOTAL ASSETS	51,714	82,025	52,571
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			

Share capital	881	881	881
Premium fund	13,943	13,943	13,943
Hedging reserve	-73	-267	-129
Distributable non-restricted equity fund	31,872	31,872	31,872
Other equity fund	4,592	4,962	4,614
Retained earnings	-15,947	4,849	-16,062
Total shareholders' equity	35,268	56,240	35,119
Long-term liabilities			
Deferred tax liabilities	3,182	3,668	3,288
Other long-term liabilities	4,619	15,331	4,649
Accounts payable and other liabilities	8,646	6,787	9,515
Total liabilities	16,447	25,785	17,452
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	51,714	82,025	52,571

CASH FLOW STATEMENT, IFRS (kEUR)

	Group 01/01-31/03/11	Group 01/01-31/03/10	Group 01/01-31/12/10
Profit/loss for the period	76	-73	-20,999
Adjustments to profit/loss for the period	752	889	22,447
Change in working capital	-499	-452	-1,740
Financial items	-507	-59	-1,176
Cash flow from operations	-179	305	-1,468
Divestment of business			6,183
Investments in tangible and intangible assets		-50	-118
Cash flow from investments		-50	6,065
Repayment of long-term loans			-6,200
Repayment of short-term loans			-1,250
Withdrawal of hybrid bond		4,962	4,962
Repayment of finance lease liabilities	-83	-98	-281
Cash flow from financing	-83	4,864	-2,769

Change in cash and cash equivalents	-261	5,119	1,828
Opening balance of cash and cash equivalents	3,686	1,858	1,858
Closing balance of cash and cash equivalents	3,424	6,977	3,686

CHANGE IN SHAREHOLDERS' EQUITY (kEUR)
Equity attributable to equity holders of the parent company

A. Share capital
B. Premium fund
C. Hedging reserve
D. Distributable non-restricted equity
E. Other equity fund
F. Retained earnings
G. Total

	A.	B.	C.	D.	E.	F.	G.
Equity 01/01/2010	881	13,943	-260	31,872		4,921	51,357
Other comprehensive income			-6			-73	-79
Hybrid bond					4,962		4,962
Equity 31/03/2010	881	13,943	-267	31,872	4,962	4,849	56,240
Equity 01/01/2011	881	13,943	-129	31,872	4,614	-16,062	35,119
Other comprehensive income			56			76	131
Hybrid bond					-22		-22
Sharebased payments						39	39
Equity 31/03/2011	881	13,943	-73	31,872	4,592	-15,947	35,268

RESTRUCTURING PROVISION (kEUR)	Group 01/01-31/03/11	Group 01/01-31/03/10	Group 01/01-31/12/10
Provisions 1 January	389	346	346
Provisions increase			675
Provisions used	-67	-32	-633
Provisions 31 March/December	321	314	389

PERSONNEL	Group 01/01-31/03/11	Group 01/01-31/03/10	Group 01/01-31/12/10
Average number of personnel	128	155	150
Personnel at the end of the period	132	163	133

COMMITMENTS AND CONTINGENT LIABILITIES (kEUR)	Group 31/03/11	Group 31/03/10	Group 31/12/10
Collaterals and contingent liabilities given for own commitments	12,477	16,131	12,894
Interest rate swaps:			
Fair value	-99	-359	-174
Nominal value	8,427	15,926	8,427

DISCONTINUED OPERATIONS (kEUR)

The results of a discontinued operations are as follows:

	Group 01/01-31/03/11	Group 01/01-31/03/10	Group 01/01-13/08/10
Revenue		2,168	4,877
Expenses		-2,057	-4,715
Profit/loss before tax		111	162
Tax		-29	-42
Profit/loss after tax		82	120
Profit from a divested operation before tax			7,860
Share of the divested operation in the goodwill			-10,717
Loss from a divested operation before tax			-2,857
Tax			-2,044
Loss for the period from a discontinued operations		82	-4,781
Earnings per share discontinued operations:			
Undiluted earnings/share (EUR)		0.00	-0.07
Diluted earnings/share (EUR)		0.00	-0.07

Impact on Group’s financial position:

	Group 13/08/10
Other intangible assets	22
Receivables	1,419
Accounts payable and other liabilities	-301
Receivables and liabilities total	1,140
Cash received	6,183
Cash and cash equivalents of a divested business	0
Impact on cash flow	6,183

OTHER KEY FIGURES	Group 31/03/11	Group 31/03/10	Group 31/12/10
Equity-to-assets ratio (%)	68.2	68.6	66.8
Net gearing (%)	18.2	17.3	17.7
Shareholders' equity/share (EUR)	0.52	0.83	0.52
Return on equity (%)	-34.9	4.3	-37.5
Return on investment (%)	-26.2	0.5	-27.8

Return on equity and return on investment have been calculated for the previous 12 months.

Helsinki, 21 April 2011

TRAINERS' HOUSE PLC

BOARD OF DIRECTORS

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