TRAINERS' HOUSE GROUP'S INTERIM REPORT 1 JANUARY – 31 MARCH 2010

The profitability of Trainers' House increased in the first quarter.

Operating profit (EBIT) before non-recurring items and depreciation resulting from the allocation of acquisition cost was EUR 0.7 million, or 11.0% of net sales (EUR -0.0 million, or -0.5% of net sales), and after these items, EUR 0.2 million, or 3.0% of net sales (EUR -2.8 million, or -32.0% of net sales). The result for 2009 was weakened by a non-recurring restructuring cost of EUR 2.2 million.

January–March

- Net sales amounted to EUR 6.3 million (EUR 8.6 million).
- Operating profit (EBIT) before non-recurring items and depreciation resulting from the allocation of acquisition cost was EUR 0.7 million (EUR -0.0 million).
- Operating result after these items was EUR 0.2 million (EUR -2.8 million), or 3.0% of net sales (-32.0%).
- Cash flow from operating activities amounted to EUR 0.3 million (EUR 2.3 million).
- Earnings per share were EUR -0.00 (EUR -0.04).

Key figures at the end of the period under review:

- Liquid assets totalled EUR 7.0 million (EUR 9.8 million).
- Interest-bearing liabilities amounted to EUR 16.7 million (21.8 million) and interest-bearing net debts totalled EUR 9.7 million (12.0 million).
- Net gearing was 17.3% (20.4%).
- The equity ratio was 68.6% (62.6%).

FUTURE OUTLOOK

Trainers' House maintains the estimate presented in the financial statements for 2009:

The company's business environment is expected to remain challenging and difficult to predict due to the post-cyclical nature of the company's operations. In the first half of 2010, net sales are expected to fall year-on-year due to structural reasons. As a result of cost savings and the restructuring carried out in 2009, the operating profit for the first half of 2010, before non-recurring items and depreciation resulting from the allocation of acquisition cost, is expected to improve.

CEO JARI SARASVUO

The company is making more profit at a higher margin and a lower risk than a year ago. In fact, we are making profit using a strategy that supports our story.

After suffering from the restructuring of its customer base and business model, our IT business has managed to get a grip on the future, which is already visible in its performance.

Despite the challenging economic situation, our training business remained very profitable. Last year's 40% profitability has been replaced by 34% profitability. The training business made a profit of EUR 1.0 million (EUR 1.6 million). The good performance results from our product offering and changes in the market situation and in the way our customers purchase training services.

In the period under review, new business sales developed favourably.The IT business acquired new customers and more value added orders than before. Altogether, the IT business order book increased by 46% in terms of euros. The performance of our training business salespeople, +24% in the first quarter, is another sign of better times ahead.

Thanks to SaaS, the nature of our training projects is changing from one-off payments into steady, long-term invoicing. The delay between sales and invoiced net sales results from a change in our business model.

We are integrating our growth ERP systems, our SaaS products, more and more closely into our customers' change management and into our training business. We are acquiring new customers and new users for our services. The number of SaaS users have already exceeded eight thousand.

For more information, please contact:
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BUSINESS REVIEW

Last year Finland experienced the steepest ever collapse in Gross National Product during peacetime. This fact radically changed the customer market. Currently the clients buy services for the needs of the business rather than organization. The company's strategy, also shown in the figures of the first quarter, is based on this change in the market.

The company's structure has changed from the previous year. During 2009, Trainers' House terminated its loss-making subcontracting work, and consequently the number of employees has decreased from 292 to 232 year on year.

The result of the first quarter improved year on year. In some business areas, operations still remain unprofitable. As a result, the company announced on 29 March 2009 that it will start codetermination negotiations at the company's Tampere unit and in Group administration.

Currently, the Tampere unit of Trainers' House has 19 employees. The loss-making unit focuses on digital marketing production. The cost saving measures in Group administration mainly result from rescaling of the Group's business. The codetermination negotiations have only covered the Tampere office and Group administration.

Trainers' House is seeking annual cost savings in the amount of approximately EUR 1.5 million. According to an initial estimate, the adjustments in Group administration and the reorganization of production are expected to result in the reduction of no more than 25 employees. The objective of codetermination negotiations is to find constructive alternatives to dismissals, and to seek alternative cost savings and measures that might reduce the need for personnel reductions and their consequences to employees.

Any non-recurring expenses potentially arising at the end of the codetermination negotiations will be recognized in full in the result for the second quarter.

New SaaS-contracts made during the first quarter will raise the number of Saas users to over 8000. During the first quarter, a total of EUR 0.4 million was invested in the development of SaaS products. These investments have been recognized as expenses.

FINANCIAL PERFORMANCE

Net sales for the first quarter amounted to EUR 6.3 million (EUR 8.6 million). Operating profit (EBIT) before depreciation resulting from the allocation of the purchase price of Trainers' House Oy amounted to EUR 0.7 million, or 11.0% of net sales (EUR -0.0 million, or -0.5%). Cash flow from operating activities amounted to EUR 0.3 million (EUR 2.3 million).

The training business continues to be profitable. Its operating profit (EBIT) totalled EUR 1.0 million. Excluding SaaS development costs, the company's other business operations broke even. In March, IT operations were clearly in the black.

In the first quarter of 2009, a restructuring provision of EUR 1.4 million was made to cover costs resulting from personnel reductions and the divestment of international operations. EUR 0.9 million of the restructuring provision has been used to cover actual expenses, while EUR 0.2 million was dissolved and recognized as income during the second and third quarters of 2009. On 31 March 2010, EUR 0.3 million of the provision remained unused. The unused provision is expected to cover the remaining costs resulting from the restructuring.

EUR 10.2 million of the purchase price of Trainers' House Oy has been allocated in intangible assets with a limited useful life. This item is depreciated over a period of five years. During the first quarter, a total of EUR 0.5 million was depreciated. At the end of the period under review, these intangible assets totalled EUR 4.5 million. The total portion of this item to be depreciated in 2010 is EUR 2.0 million, while the portions to be depreciated in 2011 and 2012 are EUR 1.6 million and 1.4 million, respectively.

On 31 March 2010, the company's balance sheet contained deferred tax assets from losses carried forward in the amount of EUR 3.3 million. Tax loss carry-forwards must be utilized within 10 years from their recognition. About one third of the company's tax loss carry-forwards will expire in 2011, and the rest in 2012.

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

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

	1-3/2010	1-3/2009
Net sales	6,348	8,619
Expenses		
Personnel-related expenses	-3,293	-5,457
Other expenses	-2,229	-2,970
EBITDA	826	192
Depreciation of non-current assets	-128	-239
Operating profit before depreciation of allocation of acquisition cost	698	-46
% of net sales	11.0	-0.5
Depreciation of allocation of acquisition cost	-508	-508
Operating profit/loss before non-recurring items	190	-555
% of net sales	3.0	-6.4
Non-recurring items **)		-2,204
EBIT	190	-2,759
% of net sales	3.0	-32.0
Financial income and expenses	-320	-295
Profit/loss before tax	-130	-3,054
Tax *)	57	119
Profit/loss for the period	-73	-2,935
% of net sales	-1.1	-34.1

*) The tax included in the income statement is deferred. Taxes recognized in the income statement have no effect on cash flow, because the company’s balance sheet contains deferred tax assets from losses carried forward.

**) Non-recurring items in 2009 include a restructuring provision in the amount of EUR 1.4 million, and a write-down in the Group’s goodwill in the amount of EUR 0.8 million.

The following table itemizes the distribution of net sales and shows the quarterly profit/loss from the beginning of 2009 (in thousands of euros):

	Q109	Q209	Q309	Q409	2009	Q110
Net sales	8,619	6,916	5,180	6,932	27,647	6,348
Operating profit before depreciation of acquisition cost *)	-46	253	190	921	1,318	698
Operating profit	-2,759	-156	-193	413	-2,695	190

*) excluding non-recurring items

LONG-TERM OBJECTIVES

The long-term objectives of Trainers’ House remain unchanged:

The company will target 15% annual organic growth and 15% operating profit, and will aim to pay a steady dividend.

Taking the recent restructuring into consideration, we expect to achieve these goals using our Growth System concept and along with the internationalization of Trainers' House.

FINANCING, INVESTMENTS AND SOLVENCY

Hybrid bond

On 15 January 2010, Trainers' House Plc published a stock exchange release stating that company is issuing a EUR 5 million domestic hybrid bond. No interest expense caused by the hybrid bond has been booked in the company's profit and loss account.

EUR 1 million of the bond was subscribed by domestic investors and EUR 4 million by major shareholders of Trainers' House Plc based on their underwriting commitments. The coupon rate of the bond is 10.00% per annum. The bond has no maturity but the company may call the bond after three years.

The hybrid bond will strengthen Trainers' House Plc's capital structure and enhance its financial position. The arrangement will also enhance the ratio of net debt to EBITDA. At the end of the period, the net gearing was 17.3 %. Excluding the effect of the hybrid bond the net gearing would have been 28.6 %.

A hybrid bond is an instrument which is subordinated to the company's other debt obligations and which is treated as equity in the IFRS financial statements. Hybrid bonds do not confer to their holders the right to vote at shareholder meetings and do not dilute the holdings of the current shareholders.

Cash flow and financing

Cash flow before financial items totalled EUR 0.4 million (EUR 2.3 million) and cash flow after financial items was EUR 0.3 million (EUR 2.3 million).

Cash flow from investments totalled EUR -0.1 million (EUR -0.2 million).

Cash flow from financing was EUR 4.9 million (EUR 0.0 million), due to the issuing of the hybrid bond. Total cash flow amounted to EUR 5.1 million (EUR 2.1 million).

On 31 March 2010, the Group's liquid assets totalled EUR 7.0 million (9.8 million). The equity ratio was 68.6% (62.6%). Net gearing was 17.3% (20.4%). At the end of the period under review, the company had EUR 16.7 million of interest-bearing debt (EUR 21.8 million).

Financial risks

Currency risks are insignificant, because Trainers' House operates principally in the euro zone. Interest rate risk is managed by covering part 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 the same in the first quarter. In 2009, business operations became more challenging, and it became more difficult to estimate future developments. While the situation has improved somewhat in the first quarter, the long-term future outlook remains weak.

Short-term risks

The Group’s goodwill and deferred tax assets recognized in the balance sheet were retested for impairment at the end of the first quarter. No goodwill write-downs were made based on the results of the 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. However, any such write-down would not affect the company’s cash flow.

At the end of the first quarter, the balance sheet of Trainers’ House Plc contained deferred tax assets from losses carried forward in the amount of EUR 3.3 million.

If the company’s taxable income does not reach approximately EUR 13 million in 2010–2012, there is a risk that some of the EUR 3.3 million in deferred tax assets recognized in the balance sheet of Trainers’ House Plc cannot be utilized and may have to be written down. 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 EUR 40 million. At the balance sheet date, the company had loans related to this loan agreement in the amount of EUR 16.5 million. The loan agreement contains standard covenants, including one concerning the ratio of net debt to EBITDA.

In order to ensure that it will fulfil the financial covenant in the loan agreement concerning the ratio of net debt to EBITDA, the company issued a hybrid capital bond in the amount of EUR 5.0 million on 15 January 2010.

If the company’s profitability should fail to develop as predicted, there is a risk that the company might not be able to fulfil the covenants, which would increase the company’s financing costs.

About risks

Trainers’ House is an expert organization. Market and business risks are part of regular business operations, and their extent is difficult to define. Typical risks in this field are associated with, for example, general economic development, distribution of the clientele, technology choices and development of the competitive situation and personnel expenses. Risks are managed through the efficient planning and regular monitoring of sales, human resources and business costs, enabling a quick response to changes in the operating environment.

Furthermore, Trainers’ House aims to improve its risk tolerance by designing services that generate steady cash flow and are not as easily affected by economic fluctuations as services based on a one-off payment.

The success of Trainers' House as an expert organization also depends on its ability to attract and retain skilled employees. Personnel risks are managed with competitive salaries and incentive schemes as well as investments in employee training, career opportunities and general job satisfaction.

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

DECISIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of Trainers' House Plc was held in Helsinki on 25 March 2010.

As proposed by the Board of Directors, the AGM decided that no dividend be paid for 2009.

The AGM adopted the company's financial statements, including the consolidated financial statements, for 2009, and discharged the members of the CEO and the Board of Directors from liability for the financial year 1 January – 31 December 2009.

The AGM confirmed that the company's Board of Directors shall have four (4) members. Aarne Aktan, Tarja Jussila, Kai Seikku and Matti Vikkula were re-elected as Board members. In its assembly meeting held after the AGM, the Board of Directors elected Aarne Aktan as the Chairman of the Board. The AGM decided that Board members be entitled to a monthly emolument of EUR 1,500 and the Chairman of the Board to a monthly emolument of EUR 3,500.

Authorized Public Accountants Ernst & Young Oy were elected as the company's auditors. Auditor's fees will be paid against an invoice.

As proposed by the Board of Directors, the AGM decided to grant option rights to key employees of 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 no more than 5,000,000 new shares or treasury shares in total. The subscription price for shares converted under the option rights shall be based on the market price of the share of Trainers' House Plc on NASDAQ OMX Helsinki Ltd in March 2010 (2010A warrants) and March 2011 (2010B warrants). The subscription period for shares converted under the warrant 2010A is from 1 September 2011 to 31 December 2012, and for shares converted under the warrant 2010B from 1 September 2012 to 31 December 2013.

As proposed by the Board of Directors, the AGM decided to amend sections 7 and 8 of the Articles of Association, and to add a new section (section 12) therein. After the amendments, an invitation to the AGM shall be made available to shareholders on the company's website three months before the AGM at the earliest and three (3) weeks before at the latest. Furthermore, the invitation to the AGM shall be published at least nine (9) days before the record date of the AGM. In accordance with the new section 12 of the Articles of Association, the AGM shall be held at a location in Helsinki or Espoo, as determined by the Board of Directors.

PERSONNEL

At the end of the period under review, the Group employed 232 (292) people.

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

Share performance and trading

During the period under review, a total of 6.2 million shares, or 9.1% of the average number of all company shares (2.0 million shares or 3.0%), were traded on the Helsinki Exchanges for a value of EUR 2.8 million (EUR 1.3 million). The period's highest share quotation was EUR 0.53 (EUR 0.71), the lowest EUR 0.43 (EUR 0.55) and the closing price EUR 0.47 (EUR 0.58). The weighted average price was EUR 0.46 (EUR 0.63). At the closing price on 31 March 2010, the company's market capitalization was EUR 32.0 million (EUR 39.4 million).

PERSONNEL OPTION PROGRAMMES

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

The AGM held on 25 March 2010 decided to commence an employee option programme for key employees of 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 no more than 5,000,000 new shares or treasury shares in total. The subscription price for shares converted under the option rights shall be based on the market price of the share of Trainers' House Plc on NASDAQ OMX Helsinki Ltd in March 2010 (2010A warrants) and March 2011 (2010B warrants). The subscription period for shares converted under the warrant 2010A is from 1 September 2011 to 31 December 2012, and for shares converted under the warrant 2010B from 1 September 2012 to 31 December 2013.

CHANGES IN OWNERSHIP

During the period under review, the company did not become aware of any notice of change in ownership exceeding the disclosure threshold.

Information on the company's ownership structure and major shareholders is available on the company's website at www.trainershouse.fi > Investors.

CONDENSED FINANCIAL STATEMENTS AND NOTES

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

Amendments to and interpretations of published standards, as well as the new standards effective as of 1 January 2009 are presented in detail in the Financial Statements for 2009. Adoption of the standards did not cause any such impact on the accounting principles applied to 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 Financial Statements for 2009. The calculation of key figures is described on page 56 of the Financial Statements included in the Annual Report 2009.

The figures given in the interim report are unaudited.

INCOME STATEMENT, IFRS (kEUR)

	Group 01/01-31/03/10	Group 01/01-31/03/09	Group 01/01-31/12/09
NET SALES	6,348	8,619	27,647
Other income from operations	21	7	101
Costs:			
Materials and services	636	1,256	3,726
Personnel-related expenses	3,293	6,107	16,022
Depreciation	636	747	2,818
Impairment		804	804
Other operating expenses	1,614	2,470	7,073
Operating profit/loss	190	-2,759	-2,695
Financial income and expenses	-320	-295	-1,155
Profit/loss before tax	-130	-3,054	-3,850
Tax	57*)	119*)	-3,167*)
PROFIT/LOSS FOR THE PERIOD	-73	-2,935	-7,016
Other comprehensive income:			
Exchange differences on translating foreign operations			11
Cash flow hedges	-8	-212	-121
Income tax relating to components of other comprehensive income	2	55	31
Other comprehensive income for the year, net of tax	-6	-157	-79
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-79	-3,092	-7,095
Profit attributable to:			
Owners of the parent company	-73	-2,935	-7,016

Total comprehensive income attributable to:			
Owners of the parent company	-79	-3,092	-7,095
Earnings per share:			
Undiluted earnings/share (EUR)	-0.00	-0.04	-0.10
Diluted earnings/share (EUR)	-0.00	-0.04	-0.10

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

BALANCE SHEET, IFRS (kEUR)

	Group 31/03/10	Group 31/03/09	Group 31/12/09
ASSETS			
Non-current assets			
Property, plant and equipment	478	732	506
Goodwill	50,968	50,968	50,968
Other intangible assets	14,470	16,731	15,028
Other financial assets	3	3	3
Other receivables	589	26	513
Deferred tax receivables	3,397	7,170	3,458
Total non-current assets	69,906	75,629	70,477
Current assets			
Inventories	12	14	12
Accounts receivable and other receivables	5,130	8,378	4,862
Cash and cash equivalents	6,977	9,813	1,858
Total current assets	12,119	18,206	6,733
TOTAL ASSETS	82,025	93,835	77,209
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	-267	-328	-260
Distributable non-restricted equity fund	31,872	31,872	31,872
Other equity fund	4,962		
Translation differences		-10	
Retained earnings	4,849	12,403	4,921
Total shareholders’ equity	56,240	58,760	51,357
Long-term liabilities			
Deferred tax liabilities	3,668	4,196	3,800
Other long-term liabilities	15,331	16,616	15,336
Accounts payable and other liabilities	6,787	14,262	6,717
Total liabilities	25,785	35,075	25,853
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	82,025	93,835	77,209

CASH FLOW STATEMENT, IFRS (kEUR)

	Group 01/01-31/03/10	Group 01/01-31/03/09	Group 01/01-31/12/09
Profit/loss for the period	-73	-2,935	-7,016
Adjustments to profit for the period	889	2,751	8,051
Change in working capital	-452	2,505	3,670
Financial items	-59	13	-1,166
Cash flow from operations	305	2,334	3,539
Investments in tangible and intangible assets	-50	-184	-335
Cash flow from investments	-50	-184	-335
Dividend distribution			-3,401
Increase/decrease in long-term loans	4,940		-1,371
Increase/decrease in short-term loans			-3,750
Increase/decrease in long-term receivables	-76		-487
Cash flow from financing	4,864		-9,009
Change in cash and cash equivalents	5,119	2,149	-5,806
Opening balance of cash and cash equivalents	1,858	7,664	7,664
Closing balance of cash and cash equivalents	6,977	9,813	1,858

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

	Share capital	Premium fund	Hedging reserve	Distributable non-restricted equity	Other equity fund	Translation differences	Retained earnings	Total
Equity 01/01/2009	881	13,943	-171	31,872		-11	15,339	61,853
Other comprehensive income			-157				-2,935	-3,092
Equity 31/03/2009	881	13,943	-328	31,872		-10	12,403	58,760
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

RESTRUCTURING PROVISION (kEUR)	Group	Group	Group

	01/01- 31/03/10	01/01- 31/03/09	01/01- 31/12/09
Provisions 1 January	346	0	0
Provisions increase		1,400	1,400
Provisions used	-32		-1,054
Provisions 31 March/31 December	314	1,400	346

PERSONNEL	Group 01/01- 31/03/10	Group 01/01- 31/03/09	Group 01/01- 31/12/09
Average number of personnel	224	342	281
Personnel at the end of the period	232	292	227

COMMITMENTS AND CONTINGENT LIABILITIES (kEUR)

	Group 31/03/10	Group 31/03/09	Group 31/12/09
Collaterals and contingent liabilities given for own commitments	16,131	2,128	15,877
Interest rate swaps			
Fair value	-359	-449	-349
Nominal value	15,926	17,393	15,926

OTHER KEY FIGURES	Group 31/03/10	Group 31/03/09	Group 31/12/09
Equity-to-assets ratio (%)	68.6	62.6	66.5
Net gearing (%)	17.3	20.4	28.9
Shareholders' equity/share (EUR)	0.83	0.86	0.76
Return on equity (%)	-7.2	-3.3	-12.4
Return on investment (%)	0.4	0.5	-3.4

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

Helsinki, 22 April 2010

TRAINERS' HOUSE PLC

BOARD OF DIRECTORS

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