TRAINERS' HOUSE GROUP'S INTERIM REPORT FOR 1 JANUARY – 30 SEPTEMBER 2011

Trainers' House's operating profit during the third quarter was at the same level as it was in the corresponding period in 2010.

January – September 2011 in brief (the figures are figures for the company's continuing operations)

- net sales amounted to EUR 11.9 million (EUR 11.2 million)
- operating profit (EBIT) before non-recurring items and depreciation resulting from the allocation of acquisition cost was EUR 1.4 million (EUR 1.0 million), or 11.9% of net sales (8.9%)
- operating result after these items was EUR 0.2 million (EUR -1.1 million), or 1.6% of net sales (-9.7%)
- cash flow from operating activities was EUR 0.6 million (EUR -2.4 million)
- earnings per share were EUR -0.00 (EUR -0.02)

July – September 2011 in brief (the figures are figures for the company's continuing operations)

- net sales EUR 2.8 million (EUR 2.8 million)
- operating profit (EBIT) before non-recurring items and depreciation resulting from the allocation of acquisition cost was EUR -0.1 million (EUR -0.1 million), or -4.4% of net sales (-2.9%)
- the operating result after these items was EUR -0.5 million (EUR -0.6 million), or -19.0% of net sales (-20.8%)
- cash flow from operating activities was EUR 0.0 million (EUR -1.5 million).
- earnings per share were EUR -0.01 (EUR -0.01)

Key figures at the end of the third quarter of 2011

- liquid assets totalled EUR 4.0 million (EUR 4.1 million)
- interest-bearing liabilities amounted to EUR 9.7 million (EUR 11.1 million), and interest-bearing net debt totalled EUR 5.7 million (EUR 7.0 million)
- net gearing was 16.1% (14.0%)
- the equity ratio was 69.5% (73.3%)

OUTLOOK FOR 2011

The company expects net sales to grow and operating profit after depreciation resulting from the allocation of acquisition cost to improve in comparison to 2010.

REPORT OF VESA HONKANEN, CEO

The company's net sales and result during the third quarter were at the same level as they were in the corresponding period in 2010.

The nature of the business is such that, due to the holiday period, the net sales and result for the third quarter are typically weaker than the preceding quarters.

During the third quarter of the year, the company strengthened sales management and put in place measures to increase efficiency in the implementation of projects. Marketing was used, in particular, to strengthen the services related to managing work capacity and SaaS services.

For more information, please contact

Vesa Honkanen, CEO, on +358 500 432 993
Mirkka Vikström, CFO, on +358 50 376 1115

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 connected with clarifying our customers’ business 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.

During the third quarter of the year, the company strengthened sales management and put in place measures to increase efficiency in the implementation of projects. Marketing was used, in particular, to strengthen the services related to managing work capacity and SaaS services.

FINANCIAL PERFORMANCE

Trainers’ House net sales and operating profit remained at the previous year's level during the third quarter.

Net sales from continuing operations in the period under review came to EUR 11.9 million (EUR 11.2 million). Operating profit from continuing operations before depreciation resulting from the allocation of the acquisition cost of Trainers’ House Oy was EUR 1.4 million, or 11.9% of net sales (EUR 1.0 million, or 8.9% of net sales). Profit for the period was EUR -0.2 million, or -1.4% of net sales (EUR -1.4 million, or -12.1%).

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).

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

	1-9/2011	1-9/2010
Net sales	11,868	11,180
Expenses:		
Personnel-related expenses	-5,505	-5,816
Other expenses	-4,556	-3,944
EBITDA	1,807	1,420
Depreciation of non-current assets	-394	-430
Operating profit before depreciation of acquisition cost	1,413	989
% of net sales	11.9	8.9
Depreciation of allocation of acquisition cost *)	-1,229	-1,525
Operating profit before non-recurring items	185	-536
Non-recurring items		-550
EBIT	185	-1,086
% of net sales	1.6	-9.7
Financial income and expenses	-353	-749
Profit/loss before tax	-168	-1,834
Tax **)	5	482
Profit/loss for the period continuing operations	-163	-1,352
% of net sales	-1.4	-12.1
Discontinued operations ***)		-4,743
Profit/loss for the period	-163	-6,095

*) Of the purchase price for Trainers' House Oy in 2007, EUR 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: EUR 1.6 million in 2011 and EUR 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 30 September 2011, the company's balance sheet included deferred tax assets from losses carried forward in the amount of EUR 1.4 million. Tax loss carry-forwards must be utilised within 10 years from their recognition. Of the deferred tax assets, EUR 0.4 million will expire in 2011–2012 and the remaining EUR 0.9 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	Q211	Q311
Net sales	4180	4168	2831	4398	15578	4420	4636	2812
Operating profit before depreciation of acquisition cost *)	588	483	-81	118	1107	653	884	-124
Operating profit	79	-575	-590	-14728	-15814	244	475	-533

*) 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 EUR 5.0 million domestic hybrid bond. Interest in the amount of EUR 0.5 million has been paid on the hybrid bond to the subscribers in the first quarter. The interest paid reduces the non-restricted equity and is not recognised as income.

Cash flow and financing

Cash flow in the period under review from operating activities before financial items totalled EUR 1.4 million (EUR -1.7 million), and after financial items EUR 0.6 million (EUR -2.4 million).

There were no investments in the reporting period (EUR 6.1 million). Cash flow from financing came to EUR -0.2 million (EUR -1.4 million).

Total cash flow amounted to EUR 0.4 million (EUR 2.3 million).

On 30 September 2011, the Group’s liquid assets totalled EUR 4.0 million (EUR 4.1 million) The equity ratio was 69.5% (73.3%). Net gearing was 16.1% (14.0%). At the end of the period under review, the company had EUR 9.7 million of interest-bearing debt (EUR 11.1 million).

Financial risks

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. 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 longer-term visibility remains unclear due to the weakening of the general economic situation.

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 third 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 EUR 1.4 million. If the Group’s taxable income does not reach approximately EUR 1.7 million for 2011–2012, 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, EUR 0.4 million will expire during 2011 - 2012 and the remaining EUR 0.9 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 EUR 40 million. At the end of the period under review, the company had loans related to this loan agreement in an amount of EUR 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 website at: www.trainershouse.fi > Investors.

PERSONNEL

At the end of September 2011, the Group employed 130 (141) 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

In the period under review, 8.1 million shares in total, or 12.0% of the average number of all company shares (12.3 million shares, or 18.1%), were traded on the Helsinki stock exchange, for a value of EUR 2.3 million (EUR 5.4 million). The period's highest share quotation was EUR 0.36 (EUR 0.53), the lowest EUR 0.19 (EUR 0.34) and the closing price EUR 0.22 (EUR 0.39). The weighted average price was EUR 0.29 (EUR 0.44). With the closing price for 30 September 2011, the company's market capitalisation was EUR 15.0 million (EUR 26.5 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 EUR 0.46 and for the 2010B warrant, EUR 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 EUR 0.1 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 2011, 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 01/07-30/09/11	Group 01/07-30/09/10	Group 01/01-30/09/11	Group 01/01-30/09/10	Group 01/01-31/12/10

CONTINUING OPERATIONS					
NET SALES	2,812	2,831	11,868	11,180	15,578
Other income from operations	154	84	480	144	263
Costs:					
Materials and services	492	551	1,698	1,388	2,231
Personnel-related expenses	1,461	1,325	5,505	6,166	8,522
Depreciation	524	657	1,622	1,955	2,549
Impairment					14,445
Other operating expenses	1,023	972	3,338	2,900	3,908
Operating profit/loss	-533	-590	185	-1,086	-15,814
Financial income and expenses	-94	-106	-353	-749	-1,094
Profit/loss before tax	-627	-696	-168	-1,834	-16,907
Tax *)	154	258	5	482	689
Profit/loss for the period continuing operations	-473	-438	-163	-1,352	-16,218
Discontinued operations		-4,938		-4,743	-4,781
PROFIT/LOSS FOR THE PERIOD	-473	-5,376	-163	-6,095	-20,999
Other comprehensive income:					
Cash flow hedges	18	44	124	128	178
Income tax relating to components of other comprehensive income	-5	-12	-32	-33	-46
Other comprehensive income for the year, net of tax	13	33	92	95	132
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-460	-5,343	-71	-6,000	-20,867
Profit/loss attributable to:					
Owners of the parent company	-473	-5,376	-163	-4,743	-20,999
Total comprehensive income attributable to:					
Owners of the parent company	-460	-5,343	-71	-6,000	-20,867
Earnings per share, undiluted:					

EPS result for the period from continuing operations	-0.01	-0.01	-0.00	-0.02	-0.24
EPS attributable to hybrid bond investors			-0.00		-0.01
EPS continuing operations	-0.01	-0.01	-0.00	-0.02	-0.24
EPS result for the period from discontinued operations		-0.07		-0.07	-0.07
EPS attributable to equity holders of the parent company	-0.01	-0.08	-0.00	-0.09	-0.31
EPS result for the period	-0.01	-0.08	-0.00	-0.09	-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 30/09/11	Group 30/09/10	Group 31/12/10
ASSETS			
Non-current assets			
Property, plant and equipment	676	1,065	1,032
Goodwill	25,806	40,251	25,806
Other intangible assets	11,548	13,347	12,871
Other financial assets	202	202	202
Other receivables	3,127	3,205	3,127
Deferred tax receivables	1,378	1,445	1,717
Total non-current assets	42,737	59,515	44,754
Current assets			
Inventories	11	12	11
Accounts receivables and other receivables	3,711	5,011	4,121
Cash and cash equivalents	4,046	4,114	3,686
Total current assets	7,768	9,138	7,817
TOTAL ASSETS	50,505	68,653	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	-37	-166	-129

Distributable non-restricted equity fund	31,872	31,872	31,872
Other equity fund	4,592	4,962	4,614
Retained earnings	-16,127	-1,174	-16,062
Total shareholders' equity	35,124	50,318	35,119
Long-term liabilities			
Deferred tax liabilities	2,969	3,403	3,288
Other long-term liabilities	7,510	9,639	4,649
Accounts payable and other liabilities	4,902	5,292	9,515
Total liabilities	15,381	18,334	17,452
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	50,505	68,653	52,571

CASH FLOW STATEMENT, IFRS (kEUR)

	Group 01/01-30/09/11	Group 01/01-30/09/10	Group 01/01-31/12/10
Profit/loss for the period	-163	-6,095	-20,999
Adjustments to profit/loss for the period	2,087	6,153	22,447
Change in working capital	-530	-1,807	-1,740
Financial items	-821	-659	-1,176
Cash flow from operations	572	-2,408	-1,468
Divestment of business		6,183	6,183
Investments in tangible and intangible assets		-109	-118
Cash flow from investments		6,074	6,065
Repayment of long-term loans		-6,200	-6,200
Repayment of short-term loans			-1,250
Withdrawal of hybrid bond		4,962	4,962
Repayment of finance lease liabilities	-211	-172	-281
Cash flow from financing	-211	-1,410	-2,769
Change in cash and cash equivalents	361	2,256	1,828
Opening balance of cash and cash equivalents	3,686	1,858	1,858

Closing balance of cash and cash equivalents	4,046	4,114	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			95			-6,095	-6,000
Hybrid bond					4,962		4,962
Equity 30/09/2010	881	13,943	-166	31,872	4,962	-1,174	50,318
Equity 01/01/2011	881	13,943	-129	31,872	4,614	-16,062	35,119
Other comprehensive income			92			-163	-71
Hybrid bond					-22		-22
Sharebased payments						99	99
Equity 30/09/2011	881	13,943	-37	31,872	4,592	-16,127	35,124

RESTRUCTURING PROVISION (kEUR)	Group 01/01-30/09/11	Group 01/01-30/09/10	Group 01/01-31/12/10
Provisions 1 January	389	346	346
Provisions increase		550	675
Provisions used	-120	-371	-633
Provisions 30 September/December	268	525	389

PERSONNEL	Group 01/01-30/09/11	Group 01/01-30/09/10	Group 01/01-31/12/10
Average number of personnel	129	209	150

Personnel at the end of the period	130	141	133

COMMITMENTS AND CONTINGENT LIABILITIES (kEUR)	Group 30/09/11	Group 30/09/10	Group 31/12/10
Collaterals and contingent liabilities given for own commitments	12,102	13,248	12,894
Interest rate swaps:			
Fair value	-50	-224	-174
Nominal value	6,821	13,605	8,427

DISCONTINUED OPERATIONS (kEUR)

The results of a discontinued operations are as follows:

	Group 01/01-13/08/10
Revenue	4,877
Expenses	-4,715
Profit/loss before tax	162
Tax	-42
Profit/loss after tax	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
Profit/loss for the period from a discontinued operations	-4,781
Earnings per share discontinued operations:	
Undiluted earnings/share (EUR)	-0.07
Diluted earnings/share (EUR)	-0.07

Impact on Group’s financial position:

	Group 13/08/10
Other intangible assets	22
Receivables	1,419
Accounts payable and other	-301

liabilities	
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 30/09/11	Group 30/09/10	Group 31/12/10
Equity-to-assets ratio (%)	69.5	73.3	66.8
Net gearing (%)	16.1	14.0	17.7
Shareholders' equity/share (EUR)	0.52	0.74	0.52
Return on equity (%)	-35.2	-9.3	-37.5
Return on investment (%)	-26.8	-1.0	-27.8

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

Helsinki 20 October 2011

TRAINERS' HOUSE PLC

BOARD OF DIRECTORS

For more information, please contact:
Vesa Honkanen, CEO, tel. +358 500 432 993
Mirkka Vikström, CFO, tel. +358 50 376 1115

DISTRIBUTION
OMX Nordic Exchange, Helsinki
Main media
www.trainershouse.fi > Investors