TRAINERS' HOUSE GROUP'S INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2013

Trainers' House posted a positive result for the first quarter of 2013

January – March 2013 in brief (the figures are figures for the company's continuing operations)

- net sales amounted to EUR 2.9 million (EUR 3.9 million)
- operating profit (EBIT) before non-recurring items and depreciation resulting from the allocation of acquisition cost was EUR 0.2 million (EUR 0.5 million), or 5.7% of net sales (14.1%)
- operating result was EUR 0.04 million (EUR 0.1 million), or 1.4% of net sales (3.6%)
- cash flow from operating activities was EUR 1.1 million (EUR 0.3 million)
- earnings per share were EUR 0.00 (EUR 0.00)

Key figures at the end of the first quarter of 2013

- liquid assets totalled EUR 2.6 million (EUR 3.5 million)
- interest-bearing liabilities amounted to EUR 5.2 million (EUR 8.6 million), and interest-bearing net debt totalled EUR 2.6 million (EUR 5.1 million)
- gearing was 15.6% (30.5%)
- the equity ratio was 62.1% (54.4%)

OUTLOOK FOR 2013

Trainers' House estimates net sales for 2013 to remain lower than in 2012, and operating profit before non-recurring items and depreciation resulting from the allocation of acquisition cost to be at approximately the same level as in 2012.

REPORT OF ARTO HEIMONEN, CEO

As expected, the first quarter of 2013 was challenging as regards the operating result but the company posted a positive result. The company is increasing its focus on services related to customers' change projects and quantifiable results.

At the same time, the company reorganised and increased the efficiency of its operations after the codetermination negotiations that were concluded in early 2013. The result for the first quarter is burdened by a non-recurring cost of EUR 0.1 million related to the codetermination negotiations. The personnel reductions and other streamlining measures are expected to create annual savings totalling EUR 0.9 million. These cost-saving measures have been successfully launched. The savings will be realised in full during the third quarter.

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REVIEW OF OPERATIONS

Codetermination negotiations concerning the entire Trainers’ House Group were initiated in January and concluded in February. As a result of the negotiations, a total of 9 employment contracts in the Group were terminated. The personnel reductions costs and estimated other non-recurring costs of the restructuring are EUR 0.1 million.

During the period, the company has focused on a change in its operating model, as well as the development of a product and service model that provides quantifiable results to customers.

The change projects executed by Trainers’ House are usually 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 starting point for each change projects is a situation prevailing in the customer organisation, which is used as a basis for setting realistic targets for the desired results and the changes in activities required by these. To support the change, an internal coach network is set up to continue to anchor the change in the organisation.

The results of customer projects are verified by auditing customers’ everyday work and by bringing in management systems to help monitor the activities and results. In January, the company launched a new version of its Pulssi (Pulse) monitoring system. The service has been well received by the customers.

FINANCIAL PERFORMANCE

Net sales development in the first quarter was weaker than in 2012. Operating profit in the first quarter before non-recurring items and depreciation resulting from the allocation of acquisition cost was also lower year-on-year. As the depreciation resulting from the allocation of acquisition cost was completed during the last quarter of 2012, operating result before non-recurring items improved year-on-year. The result for the first quarter is burdened by the personnel reductions costs and other non-recurring costs related to the codetermination negotiations in January and February that amounted to EUR 0.1 million.

Net sales from continuing operations in the quarter came to EUR 2.9 million (EUR 3.9 million). Operating profit from continuing operations (operating profit before depreciation resulting from the allocation of the acquisition cost of Trainers’ House Oy and non-recurring items) was EUR 0.2 million, or 5.7% of net sales (EUR 0.5 million, or 14.1%). Profit for the period was EUR 0.03 million, or 1.1% of net sales (EUR 0.1 million, or 2.6%).

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 cost 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 the company's productivity.

The following table itemises the Group's key figures (in thousands of euros unless otherwise noted:

	1-3/2013	1-3/2012
Net sales	2,945	3,901
Expenses:		
Personnel-related expenses	-1,576	-1,803
Other expenses	-1,132	-1,458
EBITDA	237	640
Depreciation of non-current assets	-70	-91
Operating profit before depreciation of acquisition cost	167	549
% of net sales	5.7	14.1
Depreciation of allocation of acquisition cost *)		-410
Operating profit before non-recurring items	167	140
Non-recurring items **)	-125	
EBIT	42	140
% of net sales	1.4	3.6
Financial income and expenses	1	-21
Profit/loss before tax	43	119
Tax ***)	-11	-18
Profit/loss for the period	32	101
% of net sales	1.1	2.6

*) Of the purchase price of Trainers' House Oy in 2007, EUR 10.2 million has been allocated to intangible assets with a limited useful life. This item was depreciated in full during the period 2007-2012.

**) Non-recurring items in 2013 include a restructuring provision in the amount of EUR 0.1 million.

**) The tax included in the income statement is deferred. Taxes recognised in the income statement have no effect on cash flow. On 31 March 2013, the company's balance sheet included deferred tax assets from losses carried forward in the amount of EUR 0.4 million. Of the deferred tax assets, EUR 0.3 million will expire in 2019 and EUR 0.1 million in 2021.

The following table itemises the distribution of net sales from continuing operations and shows the quarterly profit/loss from the start of 2012, in thousands of euros.

	Q112	Q212	Q312	Q412	2012	Q113
Net sales	3901	3536	2485	3381	13302	2945

Operating profit before depreciation of acquisition cost *)	549	200	-20	453	1182	167
Operating profit	140	-210	-338	317	-91	42

*) excluding non-recurring items

LONG-TERM OBJECTIVES

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

FINANCING, INVESTMENTS AND SOLVENCY

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 reporting period, the company had loans related to this loan agreement negotiated in late 2011 in the amount of EUR 4.9 million.

Hybrid bond

On 15 January 2010, Trainers' House Plc issued a EUR 5.0 million domestic hybrid bond. Interest of EUR 1.0 million related to the hybrid bond was recognised in shareholders' equity.

According to the terms of the hybrid bond, the company has the right to decide, subject to certain limitations specified in the terms, either to pay the interest on the hybrid bond annually or to postpone these payments. Interest in the amount of EUR 0.5 million has been paid to the subscribers on 21 January 2011 and EUR 0.5 million on 20 January 2012. The interest paid reduces the non-restricted equity and is not recognised as income.

In accordance with its stock exchange release dated 17 December 2012, Trainers' House has decided to defer interest payments on the hybrid loan for the time being. The purpose of the deferment of interest payments is to strengthen the company's financial position and to ensure that the company fulfils the terms of its loan agreement. According to the terms of the hybrid bond, the company must pay the deferred interest and any interest accrued on it by the latest if, for example, the company pays dividends in excess of the minimum dividend stipulated in the Companies Act, or otherwise distributes equity to its shareholders. The company aims to refinance the hybrid bond in its entirety in the medium term.

Cash flow and financing

Cash flow from operating activities before financial items totalled EUR 1.1 million (EUR 0.8 million), and after financial items EUR 1.1 million (EUR 0.3 million).

Cash flow from investments totalled EUR 0.02 million (no investments in 2012). Cash flow from financing came to EUR -0.1 million (EUR -0.1 million).

Total cash flow amounted to EUR 1.1 million (EUR 0.3 million).

On 31 March 2013, the Group's liquid assets totalled EUR 2.6 million (EUR 3.5 million). The equity ratio was 62.1% (54.4%). Gearing was 15.6% (30.5%). At the end of the reporting period, the company had interest-bearing liabilities in the amount of EUR 5.2 million (EUR 8.6 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. Long-term visibility remains limited due to 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 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 form losses carried forward in the amount of EUR 0.4 million. Of the deferred tax assets, EUR 0.3 million will expire in 2019 and EUR 0.1 million in 2021.

The company's new loan agreement, under which there were loans in the amount of EUR 4.9 million at the end of the reporting period, 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 March 2013, the Group employed 94 (119) people.

DECISIONS REACHED AT THE ANNUAL GENERAL MEETING

The Annual General Meeting of Trainers' House Plc was held in Espoo on 19 March 2013.

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

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided that the company's premium fund be decreased by EUR 823,478.02 to cover the parent company's losses. On 31 December 2012, before the offsetting of losses, the parent company's premium fund amounted to EUR 5,355,637.99. After the decrease, the premium fund amounts to EUR 4,532,159.97.

The Annual General Meeting adopted the company's Financial Statements and discharged the CEO and the members of the Board of Directors from liability for the period 1 January to 31 December 2012.

It was confirmed that the Board of Directors shall consist of five (5) members. Aarne Aktan, Jarmo Hyökyvaara, Tarja Jussila and Jari Sarasvuo were re-elected as members of the Board of Directors. Vesa Honkanen was elected a new member of the Board. In its assembly meeting held after the AGM, the Board of Directors elected Aarne Aktan as the Chairman of the Board.

The Annual General Meeting decided on a monthly emolument for a Board member of EUR 1,500 and of EUR 3,500 for the Chairman of the Board.

Authorised Public Accountants Ernst & Young Oy were elected as the company's auditors.

In accordance with the proposal of the Board of Directors, the Annual General Meeting held on 21 March 2012 decided to authorise the Board of Directors to decide on a share issue, on transfer of own shares and on the granting of special rights entitling to shares, on one or several occasions. The number of shares to be granted or transferred on the basis of the authorisation may not exceed 13,000,000 shares. A share issue, transfer of own shares and the granting of other special rights entitling to shares may take place in deviation of the shareholders' pre-emptive subscription rights (a private placement). The authorisation is valid until 30 June 2015.

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, 2.6 million shares in total, or 3.9% of the average number of all company shares (1.6 million shares, or 2.4%), were traded on the Helsinki stock exchange, for a value of EUR 0.3 million (EUR 0.3 million). The period's highest share quotation was EUR 0.11 (EUR 0.22), the lowest EUR 0.09

(EUR 0.15) and the closing price EUR 0.09 (EUR 0.15). The weighted average price was EUR 0.10 (EUR 0.18). At the closing price on 31 March 2013, the company’s market capitalisation was EUR 6.1 million (EUR 10.2 million).

PERSONNEL OPTION PROGRAMMES

Trainers’ House Plc has two option programmes 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 2,000,000, and the option rights shall entitle their holders to subscribe for no more than 2,000,000 new shares or treasury shares in total. The subscription price for the 2010B warrant is EUR 0.29. The subscription period for shares converted under the warrant 2010B is from 1 September 2012 to 31 December 2013. The total number of warrants granted to the personnel is 0.9 million. No shares have been subscribed under the warrants.

The Annual General Meeting held on 21 March 2012 decided to initiate an employee option programme for key employees in 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. Of the warrants, 3,000,000 will be titled 2012A and 2,000,000 will be titled 2012B. The subscription price for the warrants is EUR 0.16. The subscription period for shares converted under the 2012A warrant is from 1 September 2013 to 31 December 2014, and for shares converted under the 2012B warrant from 1 September 2014 to 31 December 2015. The options have not yet been offered.

CONDENSED FINANCIAL STATEMENTS AND NOTES

This report was compiled in accordance with the IAS 34 standard. This interim report has been prepared in accordance with the IFRS standards and interpretations adopted in the EU, valid on 31 December 2012.

In producing this interim report, Trainers’ House has applied the same accounting principles for key figures as in its 2012 financial statements. The calculation of key figures is described on page 92 of the financial statements included in the Annual Report 2012.

The figures given in the interim report are unaudited.

INCOME STATEMENT, IFRS (kEUR)

	Group 01/01-31/03/13	Group 01/01-31/03/12	Group 01/01-31/12/12
CONTINUING OPERATIONS			
NET SALES	2,945	3,901	13,302
Other income from operations	177	164	797

Costs:			
Materials and services	-323	-538	-1,562
Personnel-related expenses	-1,691	-1,803	-6,696
Depreciation	-70	-500	-1,689
Other operating expenses	-996	-1,083	-4,244
Operating profit/loss	42	140	-91
Financial income and expenses	1	-21	-303
Profit/loss before tax	43	119	-394
Tax *)	-11	-18	151
PROFIT/LOSS FOR THE PERIOD	32	101	-243
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	32	101	-243
Profit/loss attributable to:			
Owners of the parent company	32	101	-243
Total comprehensive income attributable to:			
Owners of the parent company	32	101	-243
Earnings per share, undiluted:			
EPS result for the period from continuing operations	0.00	0.00	-0.00
EPS attributable to hybrid bond investors		-0.00	-0.00
EPS continuing operations	0.00	0.00	-0.00
EPS attributable to equity holders of the parent company	0.00	0.00	-0.00
EPS result for the period	0.00	0.00	-0.00

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 31/03/13	Group 31/03/12	Group 31/12/12
ASSETS			
Non-current assets			
Property, plant and equipment	321	551	380
Goodwill	9,135	9,135	9,135
Other intangible assets	9,698	10,668	9,710
Other financial assets	202	202	202
Other receivables	1,475	1,607	1,490

Deferred tax receivables	371	484	382
Total non-current assets	21,202	22,646	21,299
Current assets			
Inventories	10	11	10
Accounts receivables and other receivables	2,760	4,540	3,776
Cash and cash equivalents	2,595	3,534	1,520
Total current assets	5,366	8,085	5,306
TOTAL ASSETS	26,568	30,731	26,605
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	881	881	881
Premium fund	4,253	5,077	5,077
Distributable non-restricted equity fund	31,872	31,872	31,872
Other equity fund	4,962	4,962	4,962
Retained earnings	-25,542	-26,074	-26,397
Total shareholders’ equity	16,426	16,718	16,394
Long-term liabilities			
Deferred tax liabilities	2,507	2,756	2,507
Other long-term liabilities	3,052	6,433	3,074
Accounts payable and other liabilities	4,582	4,825	4,629
Total liabilities	10,142	14,013	10,211
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	26,568	30,731	26,605

CASH FLOW STATEMENT, IFRS (kEUR)

	Group 01/01-31/03/13	Group 01/01-31/03/12	Group 01/01-31/12/12
Profit/loss for the period	32	101	-243
Adjustments to profit/loss for the period	150	559	1,726
Change in working capital	934	169	-100

Financial items	-1	-519	-774
Cash flow from operations	1,114	309	608
Investments in tangible and intangible assets			-49
Repayment of loan receivables	15		1,200
Cash flow from investments	15		1,152
Repayment of long-term loans			-3,297
Repayment of finance lease liabilities	-55	-55	-223
Cash flow from financing	-55	-55	-3,520
Change in cash and cash equivalents	1,075	254	-1,760
Opening balance of cash and cash equivalents	1,520	3,280	3,280
Closing balance of cash and cash equivalents	2,595	3,534	1,520

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

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

	A.	B.	C.	D.	E.	F.
Equity 01/01/2012	881	13,943	31,872	4,962	-35,031	16,627
Other comprehensive income					101	101
Hybrid bond					-23	-23
Sharebased payments					13	13
Decrease of share premium fund to cover losses		-8,866			8,866	0
Equity 31/03/2012	881	5,077	31,872	4,962	-26,074	16,718
Equity 01/01/2013	881	5,077	31,872	4,962	-26,397	16,394
Other comprehensive income					32	32

Decrease of share premium fund to cover losses		-823			823	0
Equity 31/03/2013	881	4,253	31,872	4,962	-25,542	16,426

RESTRUCTURING PROVISION (kEUR)	Group 01/01-31/03/13	Group 01/01-31/03/12	Group 01/01-31/12/12
Provisions 1 January	240	258	258
Provisions increased	125		
Provisions used	-57		-19
Provisions 31 March/December	308	258	240

PERSONNEL	Group 01/01-31/03/13	Group 01/01-31/03/12	Group 01/01-31/12/12
Average number of personnel	101	119	115
Personnel at the end of the period	94	119	108

COMMITMENTS AND CONTINGENT LIABILITIES (kEUR)	Group 31/03/13	Group 31/03/12	Group 31/12/12
Collaterals and contingent liabilities given for own commitments	10,317	11,510	10,716
Interest rate swaps:			
Fair value		5,214	

OTHER KEY FIGURES	Group 31.03.13	Group 31.03.12	Group 31.12.12
Equity-to-assets ratio (%)	62.1	54.4	62.0
Net gearing (%)	15.6	30.5	22.5
Shareholders’ equity/share (EUR)	0.24	0.25	0.24
Return on equity (%)	-1.9	-70.5	-1.5
Return on investment (%)	0.3	-46.9	0.9

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

Helsinki 18 April 2013

TRAINERS' HOUSE PLC

BOARD OF DIRECTORS

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