

PSI Group ASA

Q2 2011

Financial report and status for the second quarter and first half 2011



HIGHLIGHTS

- Operating revenues of MNOK 125.7 in the second quarter 2011 (MNOK 112.6), an increase of 11.6 per cent. In the first half 2011 operating revenue were MNOK 243.9 (MNOK 218.8), an increase of 11.5 per cent.
- EBITDA of MNOK 15.4 in the second quarter 2011 (MNOK 12.1), an increase of 27.8 per cent. In first half 2011 EBITDA was MNOK 28.1 (MNOK 19.6), an increase of 43.7 per cent. EBITDA for the first half of 2011 has been charged with costs of MNOK 2.8 in connection with the sale process of the business area Cash Management CIT / ATM.
- Positive cash flow from operating activities of MNOK 4.8 (MNOK 13.0). In first half 2011 the cash flow from operating activities was MNOK 10.5 (MNOK -6.9).
- The sales agreement of MSEK 190 regarding business area Cash Management CIT/ATM is likely to be terminated due to payment default from the buyer.
- The business area Cash Management CIT/ATM is shown as discontinued operations per 30.06.2011, but will again be included in the Groups continued operations as of 3 quarter.

KEY FIGURES

NOK millions	2011 Q2	2010 Q2	2011 YTD	2010 YTD	FY 2010
Revenue	125,7	112,6	243,9	218,8	441,3
EBITDA	15,4	12,1	28,1	19,6	44,1
Operating profit (EBIT)	12,4	8,7	21,7	12,9	22,3
Ordinary profit before tax (EBT)	11,3	7,7	18,1	8,0	13,2
Profit after tax, continued operations	8,9	6,2	14,9	6,8	4,4
Profit after tax, discontinued operations	1,6	-2,3	2,0	-10,2	-209,5
Net cash flow operations	4,8	13,0	10,5	-6,9	26,1
Cash and cash equivalents	15,0	18,2	15,0	18,2	18,2
Earnings per share	0,48	0,18	0,76	-0,17	-9,72
EBITDA margin	12 %	11 %	12 %	9 %	10 %



THE GROUP

The Group generated operating revenues of NOK 125.7 million in the second quarter 2011, compared with NOK 112.6 million in the corresponding period in 2010, an increase of 11.6 per cent.

Operating profit before depreciation (EBITDA) in the second quarter 2011 was NOK 15.4 million, an increase of NOK 3.4 million from the corresponding period in 2010.

Despite considerable effort and patience from the company's management and its advisors, including the granting of a number of new deadlines after the original deadline 1 March, the buyer of the business area Cash Management CIT/ATM failed to meet his obligations. The sales agreement of MSEK 190 regarding business area Cash Management CIT/ATM is likely to be terminated by PSI due to payment default from the buyer.

Due to the payments default, the Board will consider litigation in consultation with the company's advisors.

Since the business area Cash Management CIT/ATM was held for sale per 30.06.2011, the business area is shown in the statements as discontinued operations. As of Q3 2011 the business area Cash Management CIT/ATM will again be shown as consolidated.

Continued operations made a pre-tax profit (EBT) of NOK 11.3 million in the second quarter 2011, compared with a profit of NOK 7.7 million in the same quarter in 2010. Pre-tax profit (EBT) from continued operations was NOK 18.1 million in the first half 2011, compared with NOK 8.0 million in the first half 2010.

BUSINESS AREAS

Retail Solutions – comprises the sale of technological solutions to the retail sector – including systems integration, service/support and consumables – with the objective of making it easier for retail staff to do their jobs and enhancing the customer's shopping experience. The systems include cash management, scales/packing machines, deposit refund systems and electronic shelf labels.

Cash Management Retail – comprises the development, production and sale of automated, safe and closed cash management systems to all of CashGuard's global retailing partners and distributors, including the group's own subsidiaries (Retail Solutions) dealing with the end-user market.

RETAIL SOLUTIONS

NOK millions	Q2		YTD		Year
	2011	2010	2011	2010	2010
New Sales	83,2	82,5	165,5	158,6	297,6
Service/repairs	30,7	24,7	60,6	50,3	108,9
Total revenue	113,9	107,2	226,1	208,9	406,4
EBITDA	12,0	10,0	19,9	16,2	38,8
EBITDA-margin	10,5 %	9,4 %	8,8 %	7,8 %	9,5 %
EBT	9,9	8,0	16,1	12,4	20,3

Retail Solutions' gross operating revenue showed an increase of 6.3 per cent compared with the corresponding period last year, and ended at NOK 113.9 million in the second quarter 2011. Operating profit before depreciation (EBITDA) totalled NOK 12.0 million, an increase from NOK 10.0 million in the corresponding period last year.

During the quarter 198 CashGuard systems were sold in Norway and 193 in Sweden, a total of 391 systems compared with 408 systems in the same period in 2010. In the first half 2011 859 CashGuard systems were sold, compared with 793 systems in the first half 2010. Installed base in Norway and Sweden is 15.155 systems.

Retail Solutions continues to see major market opportunities in the Norwegian and Swedish retail sectors in addition to cash handling solutions. This particularly applies to electronic shelf labels, where the division received several orders in the first half due to the agreement with Coop announced 20 January this year.

CASH MANAGEMENT RETAIL

NOK millions	Q2		YTD		Year
	2011	2010	2011	2010	2010
New Sales	38,0	31,1	75,6	56,4	121,9
Service/repairs	1,1	-0,2	2,1	0,9	2,6
Total revenue	39,0	30,9	77,6	57,3	124,5
EBITDA	7,3	4,2	13,4	7,1	13,6
EBITDA-margin	18,6 %	13,7 %	17,3 %	12,4 %	10,9 %
EBT	6,0	0,5	8,8	-1,1	1,6

Cash Management Retail's operating revenue has increased from NOK 30.9 million in the second quarter 2010 to NOK 39.0 million this quarter. The number of systems delivered in the international market was 176 in the second quarter 2011 compared to 54 systems in the second quarter 2010. In the first half of 2011 283 systems were sold internationally, compared with 182 in the first half 2010. It is expected global growth for 2011 as a whole.

EBITDA has increased from NOK 4.2 million in the second quarter 2010 to NOK 7.3 million in this quarter.

CASH FLOW AND EQUITY including discontinued operations

Operating activities in the quarter generated a positive cash flow of NOK 4.8 million, compared with a positive cash flow of NOK 13.0 million in the corresponding quarter last year.

The working capital increased with NOK 11.2 million from the end of the first quarter, mainly as a result of decreased accounts payable.

Net interest-bearing debt has decreased by NOK 1.3 million compared with the end of the previous quarter and totalled NOK 172.3 million.

Disposable funds has increased with NOK 2.6 million from the end of the previous quarter and totalled NOK 15.0 million per 30 June 2011.

The Group holds 297,927 of its own shares, which represents 1.3 per cent of outstanding shares.

The Group's main bank has covenants in the loan agreement that the relationship between the rolling 12-month EBITDA and net interest bearing debt should be less than 3.0. The Group does not meet this condition, and it has therefore been sent a notice for an extraordinary general meeting on 1 August 2011, where the shareholders will decide on the proposed rights issue.

Parts of the net proceeds from the proposed rights issue will be used to repay loans, the remaining will be used to strengthen the Groups liquid funds which will increase the Groups manoeuvrability. There are positive and ongoing dialogues with the bank regarding the funding situation of the Group. The Group has an agreement with the bank for a waiving of the covenant for 30.06.2011, but when the exemption for measurement is less than 12 months into the future, the IAS 1 requires that the company move the long term debt to the main bank connection from long term debt to short term debt in 2011.

OUTLOOK

It is expected that Cash Management Retail will continue with the positive development internationally. At the same time the company have learned that it takes time to achieve a steadily increasing volume. This can also be influenced by macro-financial challenges in CashGuard respective markets.

The market outlook for Retail Solutions is stable good and it is expected that activities will maintain their positive development.

The Board of Directors of PSI Group ASA,
Rælingen, 28 July 2011

Svein S. Jacobsen
Chair

Erik Pinnås
Director

Selma Kveim
Director

Guri Kogstad
Director

Patrick Sandall
Director

Jørgen Waaler
CEO

STATEMENT FROM THE BOARD

The board and group CEO have today considered and approved PSI Group's financial statements for the second quarter and first half 2011, including summary comparative consolidated figures for the second quarter and first half 2010. This report has been prepared in accordance with IAS 34 on interim financial reporting as determined by the European Union, and with supplementary requirements pursuant to the Norwegian Securities Trading Act.

The board and CEO hereby declare, to the best of their knowledge, that the financial statements for the second quarter and first half 2011 have been prepared in accordance with prevailing accounting principles and that the information in the financial statements gives a true and fair view of the assets, liabilities, financial position and profit of the group taken as a whole at 30 June 2011 and 30 June 2010. To the best of their knowledge, the report gives a true and fair overview of important events during the accounting period and the impact of these events on the financial statements.

The Board of Directors of PSI Group ASA,
Rælingen, 28 July 2011

Svein S. Jacobsen
Chair

Erik Pinnås
Director

Selma Kveim
Director

Guri Kogstad
Director

Patrick Sandall
Director

Jørgen Waaler
CEO

CONSOLIDATED INCOME STATEMENT

NOK thousand	Q2 2011	Q2 2010	Chg. %	YTD 2011	YTD 2010	Chg. %	Year 2010
Sales revenues	124 670	111 697	11,6 %	242 753	217 631	11,5 %	439 036
Profit from AC - Service companies	1 024	928	10,4 %	1 152	1 181	-2,5 %	2 240
Operating revenues	125 694	112 625	11,6 %	243 905	218 812	11,5 %	441 276
Cost of goods sold	57 747	53 336	8,3 %	112 751	103 412	9,0 %	194 922
Payroll	34 515	32 812	5,2 %	67 850	65 554	3,5 %	126 841
Other operating expenses	18 029	14 426	25,0 %	35 177	30 273	16,2 %	75 408
Total operating expenses	110 291	100 574	9,7 %	215 779	199 238	8,3 %	397 172
EBITDA	15 404	12 051	27,8 %	28 126	19 574	43,7 %	44 104
Depreciation tangible assets	2 059	2 068	-0,4 %	3 944	4 064	-3,0 %	8 201
Depreciation intangible assets	954	1 320	-27,7 %	2 497	2 569	-2,8 %	5 308
Write down intangible assets	-	-	-	-	-	-	-
Write down goodwill	-	-	-	-	-	-	8 263
EBIT	12 390	8 663	43,0 %	21 685	12 941	67,6 %	22 332
Interest	-1 507	-1 383	-8,9 %	-2 974	-2 897	-2,7 %	-5 690
Other financial income	391	396	-1,3 %	-639	-1 997	68,0 %	-3 470
EBT	11 274	7 676	46,9 %	18 072	8 046	124,6 %	13 172
Taxes	2 326	1 437	61,9 %	3 138	1 228	155,6 %	8 768
Profit/loss after tax from continued operations	8 949	6 239	43,4 %	14 934	6 819	119,0 %	4 404
Profit/loss after tax from discontinued operations	1 634	-2 328	170,2 %	1 950	-10 221	119,1 %	-209 494
Profit/loss after tax	10 583	3 911	170,6 %	16 884	-3 403	596,2 %	-205 090
Exchange differences on foreign operations	-17 146	6 075	-382,2 %	-13 065	17 044	-176,7 %	37 296
Total earnings	-6 563	9 986	-165,7 %	3 818	13 641	-72,0 %	-167 794
Of which							
Majority interest	-9 629	9 856	-197,7 %	-2 320	13 494	-117,2 %	-167 932
Minority interest	124	130	-5,3 %	197	148	33,6 %	138
Earnings per share							
Number of shares outstanding	22 188 020	22 188 020	0,0 %	22 188 020	22 188 020	0,0 %	22 188 020
Av. Number of shares - own shares	21 890 093	20 990 093	4,3 %	21 890 093	20 990 093	4,3 %	21 115 846
Earnings per share	0,48	0,18	165,3 %	0,76	-0,17	550,7 %	-9,72
Diluted earnings per share	0,48	0,18	165,3 %	0,76	-0,17	550,7 %	-9,72
EBITDA per share	0,70	0,57	22,6 %	1,28	0,93	37,8 %	2,09
Diluted EBITDA per share	0,70	0,57	22,6 %	1,28	0,93	37,8 %	2,09

CONSOLIDATED BALANCE SHEET

NOK thousand	30.06.2011	30.06.2010	31.03.2011	31.12.2010
ASSETS				
Intangible assets	72 637	145 547	76 216	76 922
Goodwill	86 999	322 897	89 519	88 961
Tangible assets	28 048	34 554	25 840	30 738
Long term investments	11 414	10 493	11 210	11 083
Deferred tax	18 934	38 427	21 647	22 272
Non-current assets	218 033	551 918	224 432	229 975
Financial investments	24	25	25	25
Goods	50 548	76 605	42 851	44 785
Accounts receivable	70 339	92 340	67 457	61 833
Prepaid expenses	4 106	-187	9 393	2 174
Other receivables	10 374	25 875	17 450	11 271
Bank deposits	1 626	5 943	2 903	2 716
Current assets	137 017	200 599	140 078	122 802
Asset from discontinued operations	177 962		199 114	195 556
TOTAL ASSETS	533 012	752 518	563 623	548 333
EQUITY AND LIABILITIES				
Share capital	13 757	13 757	13 757	13 757
Holding of own shares	-185	-743	-185	-185
Other equity	193 507	364 775	200 070	189 689
Total equity	207 079	377 789	213 642	203 261
Long term interest bearing liabilities	3 956	72 134	323	504
Other long term liabilities	1 019	16 139	1 071	1 091
Total long term liabilities	4 975	88 273	1 393	1 595
Short term interest bearing liabilities	128 795	135 099	131 543	140 118
Accounts payable	41 062	51 475	45 103	40 602
Taxes payable	314	86	362	287
Other short term liabilities	73 787	99 795	81 237	74 879
Current liabilities	243 959	286 456	258 246	255 886
Debt from discontinued operations	76 999		90 342	87 591
TOTAL EQUITY AND LIABILITIES	533 012	752 518	563 623	548 333

STATEMENT OF EQUITY

NOK thousand	Share capital	Share premium account	Treasury shares	Other paid-in equity	Translation variances	Translation variances SQS	Other equity	Total	Minority interest	Total equity
Equity 31.12.2009	13 757	182 919	-743	108 879	-27 144	-	86 447	364 115	31	364 145
Sale own shares	-	-	558	-	-	-	6 471	7 030	-	7 030
Dividend to minority interest	-	-	-	-	-	-	-	-	-120	-120
Profit this year after tax	-	-	-	-	-	-	-205 228	-205 228	138	-205 090
Other comprehensive income and expenses	-	-	-	-	37 296	-	-	37 296	-	37 296
Reclassification Asset held for sale	-	-	-	-	-4 454	4 454	-	-	-	-
Equity 31.12.2010	13 757	182 919	-185	108 879	5 698	4 454	-112 310	203 213	49	203 261
Profit this year after tax	-	-	-	-	-	-	16 687	16 687	197	16 884
Other comprehensive income and expenses	-	-	-	-	-13 065	-	-	-13 065	-	-13 065
Equity 30.06.2011	13 757	182 919	-185	108 879	-7 367	4 454	-95 623	206 834	247	207 079

STATEMENT OF CASH FLOW

NOK thousand	Q2 2011	Q2 2010	2011 YTD	2010 YTD	Year 2010
Ordinary profit before tax continued operations	11 274	7 676	18 072	8 046	13 172
Ordinary profit before tax discontinued operations	1 480	-2 773	2 126	-13 698	-216 438
Net interest	2 006	1 598	3 999	3 374	6 853
Tax paid	-	-	-	-	-
Share of profit, associated companies	-1 024	-928	-1 152	-1 181	-2 240
Ordinary depreciation	3 013	6 574	6 441	12 961	27 013
Write-downs	-	-	-	-	194 412
Realised loss on financial instruments	-	-	-	-	269
Non-realised loss on financial instruments	-	-	-	-	-281
Change in inventories	-5 152	86	-2 307	354	7 569
Change in receivables	663	9 124	-5 927	-94	10 396
Change in accounts payable	-9 089	7 734	-2 613	-858	-513
Change in other accrued items	1 588	-16 119	-8 163	-15 819	-14 093
Net cash flow from operational activities	4 760	12 972	10 478	-6 914	26 119
Net payments for fixed assets	-4 943	-744	-5 199	-1 827	-4 926
Net capitalisation of development costs	-80	-959	-264	-4 213	-7 802
Payment from sale of fixed assets	160	37	4 257	40	-
Dividend paid to minorities	-	-	-	-	-120
Interest income	771	851	1 581	1 122	3 243
Dividend received from associated companies	-	-	-	400	2 020
Cash deposits Instore IT Nord AS	-	-	-	-	-455
Sale of treasury shares	-	-	-	-	7 030
Net cash flow from investment activities	-4 092	-815	374	-4 477	-1 011
Change in long-term debt	-4 292	-5 222	-5 621	-12 381	-22 009
Change in overdraft	3 807	-4 432	-1 470	24 336	1 934
Interest expenses	-2 777	-2 449	-5 580	-4 496	-10 096
Net cash flow from financing activities	-3 262	-12 103	-12 670	7 460	-30 171
Net change in liquid assets	-2 594	53	-1 818	-3 932	-5 063
Cash and cash equivalents at the start of the period	5 895	5 788	5 092	9 692	9 692
Effect of foreign exchange rate fluctuations on foreign currency deposits	-121	102	-94	183	462
Cash and cash equivalents at the end of the period	3 180	5 943	3 180	5 943	5 092
Cash and cash equivalents at the end of the period for discontinued operations	1 554	-	1 554	-	2 376
Cash and cash equivalents at the end of the period for continued operations	1 626	5 943	1 626	5 943	2 716

KEY FIGURES

NOK thousand	2Q 2011	1Q 2010	4Q 2010	3Q 2010	2Q 2010	2011 YTD	2010 YTD
Income statement							
Operating revenue	125 694	118 211	121 732	100 732	112 625	243 905	218 812
EBITDA	15 404	12 723	10 136	14 394	12 051	28 126	19 574
Operating revenue EBIT	12 390	9 295	-1 720	11 111	8 663	21 685	12 941
Ordinary profit before tax (EBT)	11 274	6 798	-3 994	9 120	7 676	18 072	8 046
Profit for the year	10 583	6 301	-203 857	2 170	3 911	16 884	-3 403
EBITDA-margin	12,3 %	10,8 %	8,3 %	14,3 %	10,7 %	11,5 %	8,9 %
EBT-margin	9,0 %	5,8 %	-3,3 %	9,1 %	6,8 %	7,4 %	3,7 %
Balance sheet							
Non-current assets	218 033	224 432	229 975	563 252	551 918	218 033	551 918
Current assets	137 017	140 078	122 802	205 299	200 599	137 017	200 599
Assets from discontinued operations	177 962	199 114	195 556			177 962	
Total assets	533 012	563 623	548 333	768 551	752 518	533 012	752 518
Equity	207 079	213 642	203 261	394 921	377 789	207 079	377 789
Long-term debt	4 975	1 393	1 595	18 546	88 273	4 975	88 273
Short-term debt	243 959	258 246	255 886	355 085	286 456	243 959	286 456
Debt from discontinued operations	76 999	90 342	87 591			76 999	
Equity ratio	38,9 %	37,9 %	37,1 %	51,4 %	50,2 %	38,9 %	50,2 %
Liquidity ratio	56,2 %	54,2 %	48,0 %	57,8 %	70,0 %	56,2 %	70,0 %
Cash Flow							
Net cash flow from operation	4 760	5 717	24 969	3 117	12 972	10 478	-6 914
Net cash flow	-2 594	775	258	-1 388	53	-1 818	-3 932
Cash flow margin	-2,1 %	0,7 %	0,2 %	-1,4 %	0,0 %	-0,7 %	-1,8 %
Share information							
Number of shares	22 188 020	22 188 020	22 188 020	22 188 020	22 188 020	22 188 020	22 188 020
Weighted average shares outstanding	21 890 093	21 890 093	21 489 006	20 990 093	20 990 093	21 890 093	20 990 093
Weighted average diluted shares	297 927	297 927	699 014	1 197 927	1 197 927	297 927	1 197 927
EBT per shares	0,52	0,31	-0,19	0,43	0,37	0,83	0,38
Diluted EBT per share	0,52	0,31	-0,19	0,43	0,37	0,83	0,38
Earnings per share	0,48	0,29	-9,49	0,10	0,19	0,77	-0,16
Diluted earnings per share	0,48	0,29	-9,49	0,10	0,19	0,77	-0,16
Equity per share	9,2	9,6	9,5	18,8	18,0	9,2	18,0
Dividend per share	-	-	-	-	-	-	-
Employees							
Number of employees (end of period)	226	226	231	230	236	226	236
Average number of employees	226	229	231	232	238	228	239
Operating revenue per employee	556	523	527	438	477	1 079	927
Operating cost per employee	488	467	483	375	426	955	844
EBT per employee	50	30	-17	39	32	79	34

DEFINITIONS

Number of shares	Number of issued shares year and
Equity per share	Book value equity / number of shares
Operating revenue per employee	Operating revenue / average number of employees
Operating cost	Operating cost / average number of employees
EBT	Profit before tax
EBIT	Operating profit
EBIT pr. ansatt	EBIT / average number of employees
EBIT pr. utestående aksje	EBIT / average number of shares outstanding
EBIT-margin	EBIT / operatin revenue
EBITDA	Operating profit + depreciation fixed asstets amd tangible assets
EBITDA-margin	EBITDA / operating revenue
Egenkapitalandel	Book value equity / total assets
Weighted average basic shares outstanding	Issued shares adjusted for own shares on average for the year
Weighted average diluted shares outstanding	Issued shares adjusted for own shares and share scheme on average for the year
Cash Flow margin	Net cash flow operations / operating revenue
Liquidity ratio	Current assets / short term debt
Earnings per share	Profit after tax / weighted average basic shares outstanding
Dividend per share	Paid dividend per share throughout the year
Diluted EBIT per share	EBIT / weighted average diluted shares outstanding
Diluted earnings per share	Profit after tax / weighted average diluted shares outstanding

NOTE 1 CONFIRMATION OF REPORTING FRAMEWORK

The condensed and consolidated quarterly financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The quarterly financial statements do not contain all the information required in an annual financial statement and should be read in connection with the Group financial statements for 2010.

NOTE 2 KEY ACCOUNTING PRINCIPLES

The accounting principles for 2010 are described in the annual financial statements for 2010. The Group financial statements for 2010 were prepared in accordance with the IFRS principals and interpretations thereof, as defined by the EU, as well as other disclosure requirements pursuant to the Norwegian Accounting Act and the Oslo Stock Exchange regulations and rules applicable as at 31.12.2010. The quarterly report and the interim financial statements have not been revised by auditor.

NOTE 3 SEGMENT INFORMATION

SEGMENT: BUSINESS AREAS

NOK million	Q2 2011			Q2 2010			YTD 2011			YTD 2010			Year 2010		
	Revenues	EBITDA	EBT	Revenues	EBITDA	EBT	Revenues	EBITDA	EBT	Revenues	EBITDA	EBT	Revenues	EBITDA	EBT
Cash Management Retail	39,0	7,3	6,0	30,9	4,2	0,5	77,6	13,4	8,8	57,3	7,1	-1,1	124,5	13,6	1,6
Retail Solutions	113,9	12,0	9,9	107,2	10,0	8,0	226,1	19,9	16,1	208,9	16,2	12,4	406,4	38,8	20,3
Group	0,0	-4,6	-6,0	-0,0	-2,6	-1,9	0,0	-7,0	-8,4	0,0	-4,6	-2,0	0,3	-10,7	-129,1
Eliminations	-28,3	0,8	1,4	-26,4	0,4	1,0	-61,0	1,8	1,6	-48,6	0,9	-1,3	-92,2	2,4	120,5
Total	124,7	15,4	11,3	111,7	12,1	7,6	242,8	28,1	18,1	217,6	19,6	8,0	439,0	44,1	13,2

SEGMENT: SALES REVENUES BY GEOGRAPHICAL MARKET

NOK million	Q2		YTD		Year
	2011	2010	2011	2010	2010
Norway	55,9	58,7	115,3	110,2	210,0
Sweden	58,4	48,8	111,0	98,2	195,4
Other markets	10,3	4,2	16,4	9,2	33,3
Group/Eliminations	0,0	-0,0	-0,0	-0,0	0,3
Total	124,7	111,7	242,8	217,6	439,0

SEGMENT: SALES REVENUES BY PRODUCT AND SERVICE

NOK million	Q2		YTD		Year
	2011	2010	2011	2010	2010
Sales of products	92,9	87,2	180,1	166,4	326,0
Service	31,8	24,5	62,7	51,2	113,0
Total	124,7	111,7	242,8	217,6	439,0

NOTE 4 DISCONTINUED OPERATIONS

The sales agreement regarding the business area Cash Management CIT/ATM is likely to be terminated, due to the buyer's breach of the contract.

Since the business area Cash Management CIT/ATM was held for sale per 30.06.2011, the business area is shown in the statements as discontinued operations. As of Q3 2011 SQS will be shown as continued operations.

INCOME STATEMENT DISCONTINUED OPERATIONS

NOK thousand	Q2 2011	Q2 2010	Chg. %	YTD 2011	YTD 2010	Chg. %	Year 2010
Sales revenues	25 051	26 226	-4,5 %	49 379	49 414	-0,1 %	83 008
Profit from AC - Service companies	-	-		-	-		-
Operating revenues	25 051	26 226	-4,5 %	49 379	49 414	-0,1 %	83 008
Cost of goods sold	7 977	6 915	15,4 %	14 515	14 759	-1,7 %	22 905
Payroll	10 024	11 254	-10,9 %	21 076	27 094	-22,2 %	46 986
Other operating expenses	5 401	7 329	-26,3 %	10 860	14 200	-23,5 %	27 272
Total operating expenses	23 402	25 499	-8,2 %	46 451	56 053	-17,1 %	97 163
EBITDA	1 649	728	126,7 %	2 927	-6 639	144,1 %	-14 154
Depreciation tangible assets	-	633	-100,0 %		1 243	-100,0 %	2 934
Depreciation intangible assets	-	2 553	-100,0 %		5 085	-100,0 %	10 571
Write down intangible assets	-	-		-	-		-
Write down goodwill	-	-		-	-		186 149
EBIT	1 649	-2 459	167,1 %	2 927	-12 967	122,6 %	-213 807
Interest	-500	-215	-132,4 %	-1 025	-476	-115,2 %	-1 163
Other financial income	330	-99	433,7 %	224	-254	188,2 %	-1 468
EBT	1 480	-2 773	153,4 %	2 126	-13 698	115,5 %	-216 438
Taxes	-154	-445	65,4 %	176	-3 477	105,1 %	-6 944
Profit/loss after tax from discontinued operations	1 634	-2 328	170,2 %	1 950	-10 221	119,1 %	-209 494

ASSETS FROM DISCONTINUED OPERATIONS

NOK thousand	30.06.2011	31.03.2011	31.12.2010
Intangible assets	67 917	70 014	69 317
Goodwill	45 845	53 497	51 803
Tangible assets	2 434	2 497	2 453
Long term investments	107	110	110
Deferred tax	16 910	17 271	17 454
Non-current assets	133 213	143 390	141 137
Financial investments	-	-	-
Goods	22 095	26 495	26 993
Accounts receivable	18 455	23 860	22 481
Prepaid expenses	1 632	1 307	1 273
Other receivables	1 012	1 069	1 296
Bank deposits	1 554	2 992	2 376
Current assets	44 749	55 723	54 419
TOTAL ASSETS FROM DISCONTINUED OPERATIONS	177 962	199 114	195 556

DEBT FROM DISCONTINUED OPERATIONS

NOK thousand	30.06.2011	31.03.2011	31.12.2010
Other long term liabilities	9 269	10 223	10 619
Total long term liabilities	9 269	10 223	10 619
Short term interest bearing liabilities	42 774	47 639	46 814
Accounts payable	8 611	14 989	12 719
Taxes payable	807	1 013	1 280
Other short term liabilities	15 538	16 477	16 159
Current liabilities	67 730	80 118	76 972
TOTAL LIABILITIES FROM DISCONTINUED OPERATIONS	76 999	90 342	87 591

NOTE 5 RELATED PARTIES

No special transactions between the Group and related parties had taken place as at 30 June 2011.

NOTE 6 TOP 20 SHAREHOLDERS PER 30 JUNE 2011

No.	Name	No. of shares	%
1	PINNÅS, ERIK (incl. fully owned companies) ¹	2 961 276	13,3 %
2	SKAGEN VEKST OG SKAGEN VEKST III	1 355 798	6,1 %
3	DYVI CAPITAL AS	1 183 024	5,3 %
4	BARCLAYS CAP SEC CAYMAN CLIENT	1 097 467	4,9 %
5	GLAAMENE INDUSTRIER AS	1 015 318	4,6 %
6	ZETTERBERG, GEORG (incl. fully owned companies)	587 753	2,6 %
7	DETALJHANDELSEKONOMI I ENKÖPING AB	453 920	2,0 %
8	RING, JAN	351 954	1,6 %
9	GRESSLIEN, ODD ROAR	351 500	1,6 %
10	NISTAD GRUPPEN AS	338 300	1,5 %
11	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	336 507	1,5 %
12	DELTA INVEST A/S	325 335	1,5 %
13	WAALER, JØRGEN (incl. fully owned companies) ¹	300 000	1,4 %
14	PSI GROUP ASA (own holding)	297 927	1,3 %
15	LÖFMAN, MICHAEL	267 319	1,2 %
16	NORDNET PENSIONS FÖRSÄKRING AB	251 072	1,1 %
17	NORDNET BANK AB	229 222	1,0 %
18	JPMORGAN CHASE BANK	227 492	1,0 %
19	V. EIENDOM AS	216 400	1,0 %
20	SWEDBANK LUXEMBOURG S.A.	194 848	0,9 %
	Sum 20 largest shareholders	12 342 432	55,6 %
	Sum 7 747 other shareholders	9 845 588	44,4 %
	Sum all 7 767 shareholders	22 188 020	100 %

¹ Primary insiders

NOTE 7 SHORT-TERM FINANCING – BREAKE OF COVENANTS

The Group's main bank has conditions in the loan agreement that the relationship between the rolling 12-month EBITDA and net debt should be less than 3.0. The Company had an agreement with its bank for exceptions for this 31.12.2009, 30.06.2010, 30.09.2010, 31.12.2010, 31.03.2011 and 30.06.2011. Next ordinary measurement is 30.09.2011. When the exemption for measurement is less than 12 months into the future, the IAS 1 requires that the company move the long term debt to the main bank connection from long term debt to short term debt in 2011.

At an extraordinary general meeting on 1 August 2011, the shareholders will decide on a fully guaranteed rights issue. Net proceeds from the offering will mainly be used to repay parts of the loan to again be able to comply with covenants in the company's main bank.

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