Annual Report 2008

PSI Group

Key figures 2007 - 2008

INCOME STATEMENT	2008	2007
Operating income	553 287	462 872
Annual growth operating income %	19,5 %	22,4 %
EBITDA	76 262	56 121
EBIT	52 300	52 086
Return on total assets	1,5 %	10,0 %
Return on equity	3,1 %	29,6 %
Total assets	868 784	355 616
Equity	421 311	120 488
Equity ratio	48%	34%
Current ratio	0,79	1,10
Earnings per share	0,75	2,80
Number of shares (average for year)	17 616	12 733
Share price	11,3	35,90
P/E	15,0	12,8
Number of employees 31.12	392	208
Operating income per employee	1 327	2 225

The figures for 2008 include the merger with CashGuard AB with effect from 10 June 2008 for accounting purposes

1) Return on total assets

$$\frac{\text{(Profit + interest) x 100}}{\text{Average total assets}}$$

2) Return on equity

$$\frac{\text{Profit x 100}}{\text{Average equity}}$$

3) Equity ratio

$$\frac{\text{Equity 31.12 x 100}}{\text{Total assets 31.12}}$$

4) Current ratio

$$\frac{\text{Current assets 31.12}}{\text{Current liabilities 31.12}}$$

5) Earnings per share

$$\frac{\text{Annual profit}}{\text{Average no. of shares}}$$

6) P/E

$$\frac{\text{Share price at end of year}}{\text{Earnings per share}}$$

7) Operating income per employee

$$\frac{\text{Operating income}}{\text{Number of employees 31.12}}$$

"2008 has been an eventful year for PSI Group. By focusing on optimising our financial and operational structure we aim to lay the foundations for good reporting, organic growth and expansion in the going forward."

Anders Nilsen, CFO PSI Group ASA

Anders Nilsen is educated as a business economist graduating from the University of St. Andrews and has additional IT qualifications from the Norwegian School of Information Technology (NITH). He was previously Finance Director at Konica Minolta Business Solutions Norway AS and Financial Controller at Get and at Helly Hansen.

PSI Group ASA

Jørgen Waaler - CEO

Anders Nilsen - CFO

Cash Management CIT/ATM

Development, production and marketing of world-leading technologies through the brand SQS™ for CIT and ATM closed cash handling.

Cash Management Retail

Development, production and marketing of world-leading technologies through the brand CashGuard™ for efficient, closed and secure retail cash handling.

Retail Solutions

A leading supplier of technology solutions to the Scandinavian retail sector with associated sales of services, servicing and consumables for this market segment.

Contents

2008 – New foundations for future growth are laid

The merger with CashGuard AB is undoubtedly the biggest event in the history of PSI. The company is now the sole owner of leading, patented technologies with considerable global potential.

The merger has allowed the PSI group to consolidate extensive, market-leading expertise on cash handling solutions and their effective application in the retail and cash in transit sectors. This has meant that we are very well prepared for supplying the most versatile technological solutions available to our customers – always focusing on actual need and on our customer's requirements for efficiency and returns on their investment.

The market

Cash will continue to play a part in our lives for a long time to come. The amount of cash in circulation continues to increase, even in the most advanced electronic payment markets such as Scandinavia. Wherever cash is in circulation it needs to be counted, transported and protected.

Globally there are more than four billion daily cash users. Our solutions service and will continue to service the largest consumer group in the world. We are therefore confident about the future.

PSI concludes that even our most demanding customers are very happy with our cash handling solutions. In Scandinavia we are now seeing that existing customers choose to renew or expand their contracts with us, while new customers come to us because of their experiences with competing systems. Our focus on capacity, speed and operational safety seems to contribute towards this trend.

But in order to enjoy continued success we must understand the trends that are developing in the retail and cash in transit sectors as well as in their associated value chains. We must incorporate these into our solutions and offer secure and closed cash handling systems that meet the changing needs of our customers.

Prospects

We are expecting to see growth in all three of our areas of business: Retail Solutions, Cash Management Retail and Cash Management ATM/CIT, and in 2009 we will be channelling our resources into developing these further.

This implies strengthening the top management of the group, conveying a clear message to the market, and ensuring good communication with customers, colleagues and shareholders.

We will continue to focus on increasing our lead over competitors, promoting our profile, increasing our knowledge of the market and further developing our niches and products. We will also be open to new opportunities wherever industrial transactions may prove to be of benefit to our shareholders.

Retail Solutions, PSI's traditional business in Norway and Sweden, has achieved a solid share of the market. We will continue to develop this market share. The division is the only provider of advanced IT solutions for the retail sector that manage, streamline, distribute and protect cash, product information and consumer information.

Both the retail and CIT sectors are experiencing an increasing number of robberies. This has lead to a proportionate rise in demand for secure and closed cash handling solutions.

Competition is increasing, with several new providers on the market. We see this as a positive development. It tells us that there are also others who see the market as promising, while increased attention and a wider range of services on offer appear to generate increased demand and larger growth potential in this segment generally.

Our staff

The expertise and technical knowledge of our staff are unique, and our divisions are hard-working and efficient. One of the group's priorities will be to further develop the skills of our staff, even in the financially challenging times that we are experiencing. We want to position ourselves with the best possible experience and skills base for when growth returns.

Everything we do is designed to generate value for our customers and shareholders. This means that PSI, CashGuard and SQS employees will continue to focus on details and processes that create value. Always. This is the only long-term path to success.

Jørgen Waaler
CEO

Strategic targets reached with active ownership of leading technologies:

A year of multiple milestones

and the establishment of the new PSI Group in 2008

At the beginning of 2008 PSI was the leading supplier of complete technological and Auto ID solutions to the retail sector in Scandinavia. The group has retained this position. The year also saw several pivotal events. The greatest milestone was the merger with CashGuard, which turned the new PSI Group into the leading global supplier of secure and closed cash handling solutions to the market – wherever cash is in circulation. It has meant that the company's position and technological foundations have been significantly strengthened as part of the company's long-term strategy for international growth and profitable expansion by way of its active ownership of leading technologies. This work continues with undiminished effort.

Fusjonen markerte en ny epoke for et mThe merger marked a new era of a long-standing industrial and financial partnership with PSI Group moving in as the largest shareholder in CashGuard. It also generated a new and robust company with international potential in combination with an extensive product and solutions portfolio. With a number of leading technology solutions for the secure handling, storage and transportation of cash offered by CashGuard and SQS products, PSI has positioned itself as a unique technology and solutions partner to a growing number of Scandinavian, European and global customers within a range of market segments.

The merger with CashGuard was completed with effect on the accounts from 10 June 2008. The company was also listed on the Nasdaq OMX in Stockholm on 26 August 2008, marking the legal completion of the merger. Apart from taking ownership of world-leading technologies, the merger was motivated by a desire to further exploit the existing market-leading position in Scandinavia, by the company's impressive reference base accumulated through the years, and by the extensive expected synergies across the group's production and value chains.

Did you know that:

- The amount of cash in circulation is increasing in every country of the world – including Norway and Sweden where the market share of electronic transactions is high?
- In Norway alone the amount of cash in circulation is in the region of NOK 40–50 billion?
- This comes at a cost to society – both financially and in terms of security?
- According to the Norwegian Financial Services Association the annual cost of cash handling in Norway is at least NOK 2 billion?
- PSI's solutions – from CashGuard and SQS – significantly reduce these costs while minimising the risk of handling

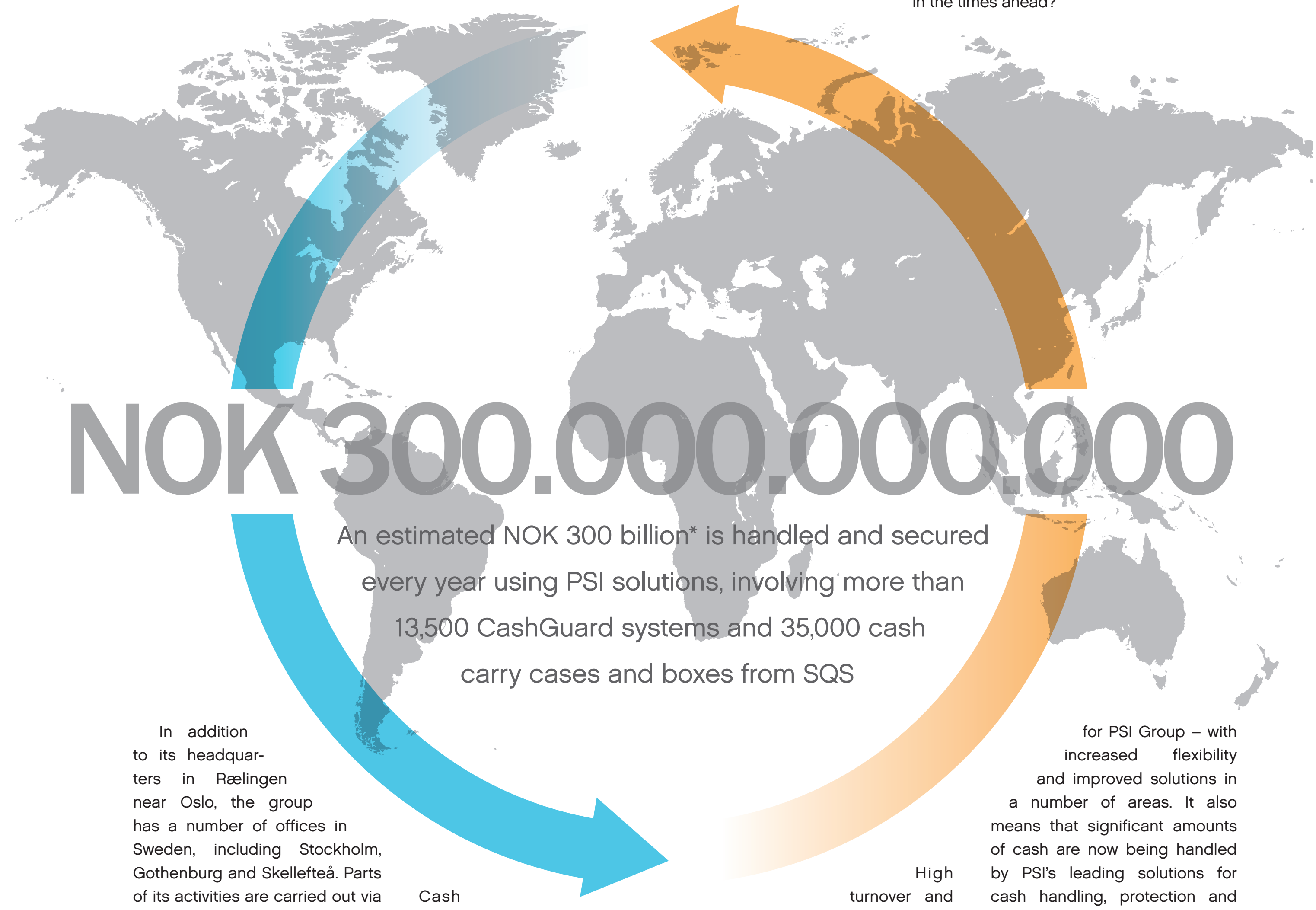
Did you know that:

- Cash reserves and cash use are increasing in Europe and in most other parts of the world?
- According to statistics from the leading contractor, Visa Europe, cash reserves in Europe increased by as much as 20 per cent between 2007 and 2008?
- At the same time, 80 per cent of all transactions in the Euro zone are cash transactions?
- Falling confidence in the banks and a decline in credit card use caused by the microeconomic climate are expected to lead to increased use of cash in 2009?

Did you know that:

- The number of robberies, including security transport robberies, rose sharply in several countries at the end of 2008, including in Britain and Sweden?
- The trend is clear – the financial crisis has led to a significant increase in the amount of cash in circulation, while the number of robberies is on the rise?
- These aspects – the increase in cash flows and the need to secure these increasing cash flows with the use of intelligent technologies – are key to PSI's technological and commercial development?
- These central market drivers are expected to generate further demand for the company's solutions for Cash Management with similar growth potential in existing and new markets in the times ahead?

*Based on estimates produced by the company



NOK 300.000.000.000

An estimated NOK 300 billion* is handled and secured every year using PSI solutions, involving more than 13,500 CashGuard systems and 35,000 cash carry cases and boxes from SQS

In addition to its headquarters in Rælingen near Oslo, the group has a number of offices in Sweden, including Stockholm, Gothenburg and Skellefteå. Parts of its activities are carried out via subsidiaries and branches in Britain, France, Belgium and Germany and from more than 30 service locations in Norway and Sweden. In November 2008 PSI's wholly owned subsidiary SQS AB agreed a takeover of Friström Innovation AB. The acquisition generates further cost savings and synergies, initially in relation to the segment Cash Management CIT/ATM, which primarily consists of SQS. SQS also took complete ownership of the pyrotechnic part of the company's leading security technologies, as Friström Innovation owned the exclusive rights to the production of all pyrotechnic equipment, including explosive elements, used in all SQS products.

High turnover and solid profits in combination with the completion of the merger and extensive streamlining makes 2008 a year of development and consolidation in which a number of important milestones have been reached. All in all, 2008 has provided significant industrial, commercial and market-related development for PSI Group – with increased flexibility and improved solutions in a number of areas. It also means that significant amounts of cash are now being handled by PSI's leading solutions for cash handling, protection and transport. With around 13,000 operative CashGuard systems in use along with thousands of cash carry cases and associated security solutions for ATMs and softcars, the annual total value of the cash handled, secured and transported using the group's solutions is estimated to be around NOK 300 billion.

Complete and unique solutions in all business areas

PSI Group består av tre primære virksomhetsområder med hver sin tydelige identitet og profil tilknyttet utvikling, salg og implementering av de ulike teknologiløsningene som konsernet tilbyr som en del av den utvidede verdikjeden etter fusjonen. De tre virksomhetsområdene utgjør Retail Solutions, Cash Management Retail og Cash Management CIT/ATM. Både isolert sett innen hver av disse virksomhetsområdene og samlet sett har konsernet opparbeidet en ledende posisjon i de mest sentrale og potensielt viktigste markedene.

With CashGuard B
products from SQS, PSI
solutions for closed and
across the entir

- PSI offers complete solutions for secure cash handling using a closed system.
- This provides unique protection of cash across the entire transport and distribution chain from consumer and retailer to cash storage and back again.
- This way PSI can offer unique solutions for increased security and efficiency in relation to the handling of the increasing amount of cash in circulation
- This gives PSI a unique and leading position as a supplier of complete solutions to a wide range of customers in the Nordic countries, Europe and across the world

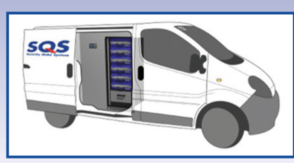
Cash Management CIT/ATM

Cash Management CIT/ATM primarily consists of the previous activities of Security Qube Systems AB (SQS). This division delivers the most advanced cash protection solutions for ATMs and security transport available on the market. SQS is also a significant sub-supplier of associated dyeing technology that forms part of CashGuard's advanced cash handling systems for those who require the highest level of security. PSI is a world leader in this field, offering secure solutions for the storage and transportation of cash without the need for armour plating. The solutions offered by SQS are in demand and used extensively by a string of banks and security transport companies in Scandinavia and Europe and elsewhere in the world. Potential for further growth in respect of SQS' market-leading solutions is deemed to be significant.

Cash Management CIT/ATM is seeing a generally high level of activity with substantial demand from both existing and new customers. The market for the protection of facilities such as ATMs and security transport using intelligent technologies without the need for armour plating is expected to continue to grow, thus creating great potential for PSI as the international market leader in this field thanks to its security solutions from SQS. The division is expected to see a stable influx of new customers as well as return customers across the world in addition to considerable potential offered by conquering new markets.

Facts about Cash Management CIT/ATM

- SQS was established in 1974
- Production and development in Skellefteå, Sweden
- Security solutions for CIT, ATM, Retail and weapons storage



SQS
Security Qube System

Retail Solutions

Retail Solutions primarily comprises the activities of PSI Systems in Norway and Sweden before the merger.

The division supplies a range of technology solutions to the supermarket and retail sectors, including the sale, installation, service and maintenance of the various CashGuard systems, packing machines and scales, solutions for Auto-ID and product scanning in shops, the sale and installation of bottle deposit machines including service and maintenance, as well as the production and sale of labels with a variety of designs and digital signage solutions for in-store interactive TV and electronic shelf label solutions.

In these areas PSI is the leading and preferred supplier of solutions to the retail sector in Scandinavia.

Retail Solutions is seeing a generally high level of activity, particularly in relation to cash handling solutions and electronic shelf labels, and is working to attract more and potentially larger contracts that in turn could have an effect on the Cash Management Retail division.

Facts about Retail Solutions

- PSI was established in 1986
- Acquired the Swedish company Antonson (established in the 1890s) in 2004
- Is the market leader with the most solid product and service platform and with strong brands in Scandinavia

lue and security
Group can offer unique
secure cash handling
e value chain.

CASH MANAGEMENT RETAIL

RETAIL SOLUTIONS







PSI PRODUCTION SWEDEN

In 2008 PSI's Swedish label press in Retail Solutions expanded its business with a number of new printing presses and increased capacity.

PSI PRODUCTION NORWAY

In 2008 PSI's Norwegian label press increased production capacity considerably. At its 4,000 sq m premises outside Oslo it produces a wide range of labels for several supermarket chains and other large customers.

Cash Management Retail

Cash Management Retail primarily comprises the previous activities of CashGuard before the merger and develops, produces and sells CashGuard systems to all global partners and distributors, including PSI Systems in Norway and Sweden (Retail Solutions). PSI is the leading and preferred supplier in the field of secure cash handling solutions in Scandinavia, Europe and the rest of the world. With around 13,000 installed and well functioning CashGuard systems, both CashGuard's technology and PSI's unique implementation and maintenance expertise are in demand by the largest supermarket chains.

One of the group's greatest opportunities is the possible international breakthrough of the Cash Management Retail division. In this segment the company is well positioned as the unrivalled market leader for secure cash handling solutions – a market with great potential in Europe and internationally. Several projects are underway involving new and existing customers, and a gradual increase in international sales is expected, as is a stable level of sales in the Scandinavian market.



CashGuard

Facts about Cash Management Retail

- CashGuard was established in 1991
- More than 13,500 CashGuard systems installed globally
- Has a market share of almost 90 per cent in Scandinavia

The board of directors (from left):
Erik Pinnås
Guri Kogstad
Leif Flemming Bakke
Bente Holm Mejdell
Svein S Jacobsen

Directors' report for 2008

Introduction

The board is satisfied with the company's profit and development in 2008. The merger process with CashGuard AB has been successful and has given PSI new and solid foundations for future growth.

PSI's stated aim of taking direct ownership of in-demand technologies on a global basis has been achieved through the merger. Considerable synergy effects have also been realised. Technology solutions for all market places where cash is used and counted, secured and transported is a particularly important area of investment for PSI.

The financial results have improved throughout the year, and the fourth quarter was the company's best quarter on record.

Prospects for 2009 are relatively good despite the financial crisis and ongoing recession with a significant share of PSI deliveries being made to customers and markets that have been less affected by macroeconomic developments.

The board would like to thank all staff for their brilliant efforts in 2008 – an eventful year of consolidation for the entire group.

The company's activities

PSI Group is the leading global supplier of secure and closed cash handling solutions in the market – wherever cash is in circulation. It is also Scandinavia's leading supplier of complete technological retail solutions and Auto-ID solutions to the retail sector value chain.

PSI, which is listed on both the Oslo Stock Exchange and the Nasdaq OMX in Stockholm, aims to be an attractive and innovative company for its customers, investors and staff.

The company's headquarters are in Rælingen, near Oslo. Its Swedish business is managed from Stockholm, Gothenburg and Skellefteå. PSI also carries out business via subsidiaries in Britain, France, Belgium and Germany, and from more than 30 service locations in Norway and Sweden.

Important events in 2008

On 5 May 2008 the respective boards of PSI Group ASA and CashGuard AB voted to proceed with a merger plan with PSI as the acquiring company and with an exchange ratio of 53 per cent for CashGuard and 47 per cent for PSI. The exchange ratio meant that 1 CashGuard B share gives 0.136389 PSI shares and 1 CashGuard A share gives 0.143208 PSI shares. PSI issued 10,143,930 compensatory shares to CashGuard shareholders. No compensatory shares were issued for 500,000 CashGuard A shares and 24,355,368 CashGuard B shares owned by PSI before the merger.

The merger with CashGuard AB was implemented with effect on the accounts from 10 June 2008. Legally the merger was completed with effect from 26 August 2008, the same day that the PSI share was listed on the Nasdaq OMX in Stockholm.

On 5 November 2008 SQS AB signed an agreement concerning the acquisition of Friström Innovation AB. The acquisition means significant cost savings and synergies for SQS. SQS also took complete ownership of the pyrotechnic part of its leading security technologies. Before the merger Friström Innovation had the exclusive production rights to all pyrotechnic equipment, including explosive elements, used in all SQS products.

The takeover of Friström Innovation took place on 14 November 2008. The purchase price is limited upwards to SEK 14 million over and above the company's book equity of SEK 4.1 million at the time of the takeover. The first cash payment of SEK 6 million was made on the acquisition date. The remaining payments will be spread over three years and are based on the fulfilment of a set of criteria.

Financial statements for 2008

The consolidated financial statements are based on IFRS, and 2008 was the fourth year in which the company has prepared its financial statements in accordance with this standard. PSI Group ASA saw turnover of NOK 551 million in 2008, an increase from NOK 461 million in 2007.

Consolidated profit after tax totalled NOK 13.2 million for the year, compared with profits of NOK 35.7 million in 2007. The fall was largely due to CashGuard's losses as an associate company before the merger along with significantly higher financial expenses. The profit includes a non-recurring item of SEK 16.3 million relating to a paper gain in connection with the acquisition of Friström Innovation AB because recognised liabilities were reversed as a result of the takeover.

The group's total assets amount to NOK 868.8 million with equity capital of NOK 421.3 million, giving an equity ratio of 48 per cent. The parent company's distributable equity totals NOK 4.4 million.

This significant rise in total assets is due to the effects of the merger and of respective valuations. As a result of the exchange ratio (47/53) 10,143,930 compensatory shares to a value of NOK 294.2 million were issued to CashGuard shareholders. The difference between CashGuard's equity capital and the value of the compensatory shares was classed as goodwill in line with ordinary practice. CashGuard's equity capital also included extensive intangible assets such as patents, brands and realised development costs as well as a tax asset.

Net interest-bearing debt, reduced to reflect bank deposits of NOK 21 million, totalled NOK 219.4 million at the end of 2008. In connection with the implementation of the merger CashGuard and SQS' banking arrangements were refinanced and extended to provide more attractive terms. The group also established a joint CashPool facility, which provides benefits in terms of more efficient handling of the group's liquidity and cash flow. This has strengthened the group's financial flexibility and liquidity. With CashPool and refinanced borrowing arrangements in combination with ongoing positive cash flow from operational activities the group is in a comfortable financial situation.

The group's liquidity reserves at the end of the year totalled NOK 21 million, including restricted funds of NOK 0 million. Unused overdraft facilities totalled NOK 19 million. The company's liquidity and solidity are satisfactory.

The cash flow statement shows positive cash flows from operational activities of NOK 52.3 million in 2008, compared with NOK 55.1 million in 2007. There is good correlation between the group's operating profit and operational cash flow. Investments of NOK 44.8 million primarily relate to the acquisitions of Systemedia, Friström Innovation AB, CashGuard shares and treasury shares, but also includes realised investments in IT and vehicles.

Risks

So far the financial crisis has only affected PSI to a limited extent. Historically the company's markets have been resistant to economic downturns as investment in both the supermarket and security sectors has traditionally not been significantly affected by financial and macroeconomic fluctuations.

It must still be expected that the financial crisis and ongoing recession may also affect the PSI group's areas of business. This creates more uncertainty in the times ahead. Macroeconomic circumstances may therefore increase the company's market risk, credit risk and liquidity risk.

The group's activities imply exposure to currency and interest rate risks. No financial instruments are employed in order to reduce these risks. Receivables and liabilities, which the group has recognised at market value, also imply a financial risk. The interest on the group`s interest-bearing debt is floating. Market conditions may lead to increasing challenges with regards to trade receivables and may therefore affect the company's credit risk.

As a result of the circumstances described above the liquidity risk is also considered to be higher than previously. Measures have been introduced to reduce the working capital and to create a range of options in relation to sales/leaseback. The liquidity risk will be reduced as a result of the expected positive cash flow from operations and of amended repayment profiles for long-term debts. We are working to incorporate the bank accounts of overseas subsidiaries into the group account system.

After carrying out an overall assessment of customer satisfaction, market position, market requirements and financial position, the board has concluded that the foundations for continued operation are present, and the financial statements have been prepared on a going concern basis.

It is the board's opinion that the published financial statements and accompanying balance sheet and notes give a true and fair view of the company's position and profit for the year 2008. Apart from the issues addressed in the annual report the board is not aware of any other circumstances that may affect the assessment of the company.

Segment information

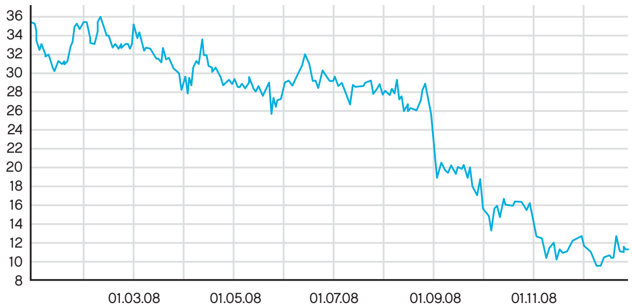
Since the merger on 10 June 2008 the group has been organised into three divisions: Retail Solutions, Cash Management CIT/ATM and Cash Management Retail. Before the merger PSI was segmented into two areas of business: Solution Sales and After-sales.

Retail Solutions comprises the previous activities of PSI before the merger, including solution sales and after-sales to retail, industry and the public sector, which means that the excess value of the end user sales of CashGuard systems by PSI's Norwegian and Swedish subsidiaries will appear here. The division saw turnover of NOK 430.1 million in 2008 with EBITDA of NOK 37.9 million.

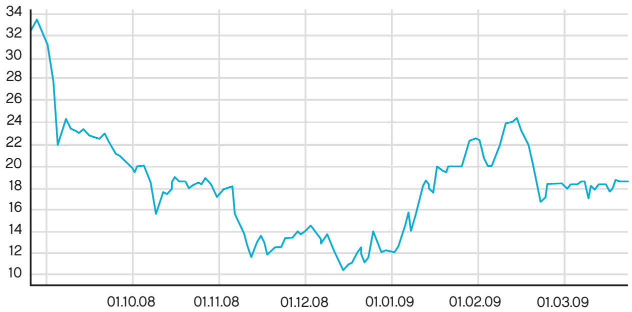
Cash Management Retail comprises the previous activities of CashGuard, which includes all development, production and systems sales to all of CashGuard's global retail partners/distributors, including the PSI companies. The division, with effect on the consolidated accounts from 10 June 2008, saw turnover of NOK 62.8 million in 2008 with EBITDA of NOK 6.9 million.

Cash Management CIT/ATM comprises the activities of Security

PSI Group - OSE from 01.01.2008 - 31.12.2008



PSI Group - OMX from 26.08.2008 - 31.12.2008



Qube Systems AB (SQS). The division delivers the most advanced cash security solutions for ATMs and cash transport available on the market. SQS is also a significant sub-supplier of associated dyeing technology for CashGuard products aimed at retailers who require the highest level of security. The division, with effect on the consolidated accounts from 10 June 2008, saw turnover of NOK 121.6 million in 2008 with EBITDA of NOK 37.8 million, including a non-recurring item of SEK 16.3 million relating to a paper gain in connection with the acquisition of Friström Innovation AB.

Staff

Following the merger the number of employees in the group has risen from around 210 to around 322.

Associate service companies – the InStore IT companies – additionally employ around 75 people.

The CEO of the group received remuneration of NOK 1,102,787 in 2008. Bonuses for 2006 and 2007 worth NOK 392,000 were also paid in 2008. Neither the CEO nor the CFO have pension schemes or will receive pension benefits from the company except for the compulsory company pension introduced in 2006 with 2 per cent of the salary payments.

There are no share option schemes in place for company employees.

The board's policy with regards to the CEO's remuneration primarily involves a fixed salary plus a bonus in the region of 20–30 per cent of the fixed salary. The bonus criteria vary from year to year and may contain elements such as profit growth, share price and organisational development.

Research and development

Every year the group allocates considerable resources to research and development.

In the Retail Solutions division these investments mean the company is a market leader in the field of tracking / nutritional content (SmartScale) in relation to scales and packing machines for supermarket fresh food cabinets. It is also a leading Digital Signage supplier through its own application MyTV. Some projects are part-financed by Skattefunn. In 2008 all development costs were allocated to this segment

With regards to Cash Management Retail these investments mean the division is a market leader in the field of secure and closed cash handling solutions to the retail sector. Development activities are particularly centred around products linking Retail to CIT. In 2008 development costs of NOK 1.6 million were realised in this segment.

For Cash Management CIT/ATM these investments mean the division is a market leader in the field of secure and closed cash handling solutions for security transport companies and suppliers of ATMs to banks. Development activities are particularly centred around dyeing and tracking systems. In 2008 development costs of NOK 3.2 million were realised in this segment.

Environmental issues

The working environment in the company is considered to be good. In 2008 measures were taken to improve the health of employees as well as the general working environment. They included bonuses for staff who have given up smoking permanently, registration fee subsidies for endurance competitions and international professional development conferences.

The company's divisions comply with in-house and statutory procedures designed to prevent the pollution of the external environment. Total sick leave is estimated to be 2.9 per cent, which is considered normal for this type of business. No employees have sustained any injuries or been involved in any accidents during the year.

Some subsidiaries sell and store products that are classed as being harmful to the environment if they are not handled appropriately and according to the relevant regulations. The company has addressed this issue, and the respective subsidiaries have agreements in place with licensed recycling companies. None of the subsidiaries handle substances that contain PCB. PSI Production AS delivers ink waste to an approved facility in Hedmark. SQS AB has an agreement with an approved supplier, Ragnsells AB, on the destruction of solvents contained in the dye used in the company's products.

Equality

The group aims to be a workplace where there is full equality between men and women. The group has incorporated into its policy equality measures that aim to ensure that there is no differential treatment because of gender on issues such as pay, promotion and recruitment. The company has traditionally recruited staff from environments where men and women are equally represented.

40 per cent of the group's board directors are female. Of the group's around 360 staff at the end of the year, around 70 were women. There are no female members of the group management team. There are two female managers in the group's divisions. The group has more female than male part-time staff. This is a contributing factor in terms of pay, where the average pay of female employees is NOK 299,000 and the average pay of male employees NOK 355,000.

Working hours within the group depend on the individual position and are independent of gender. However, the number of employees working part-time is somewhat higher amongst female staff, while overtime hours are slightly higher for male employees.

Female employees are selected over men if the candidates are otherwise equally well qualified in the case of new appointments. The group also works to ensure that there is no gender bias in relation to opportunities for training and promotion.

Shareholders

The value of the company's shares fell by 69 per cent in 2008.

As at 31 December 2008 the company had share capital of NOK 13,756,572.40, spread over 22,188,020 shares with a nominal value of NOK 0.62. At the end of the period the company owned 1,197,927 treasury shares at an average value of NOK 9.85, making up 5.4 per cent of the total share capital.

The number of shareholders in the company at the end of 2008 was 9,252. The 20 largest shareholders represent 54.8 per cent of the total share capital. At the end of 2008 1,102 shareholders (408 shareholders registered through VPS and 694 registered through VPC) own a round lot (1,000 shares) or more.

Future prospects
No material events have occurred since the beginning of the new year.

The board's stated aim of acquiring increased ownership of leading technologies, as described in the 2007 annual report, has undoubtedly been realised in 2008. The board's growth targets given in the 2007 annual report - expected turnover growth of 20–30 per cent and an EBITDA margin of 10–12 per cent – were met with the respective figures coming in at 20 per cent and 14 per cent.

The board is also confident about the company's prospects for 2009.

The aim of becoming an internationally leading technology business with new and significant market opportunities has been all but achieved through the merger and through the optimisation that has been diligently carried out across all divisions recently. The company is now deemed to have a solid platform for profitable growth internationally in the times ahead.

Following the merger with Cash-Guard and the associated ownership of technology and production the group's value chain has been expanded, while the sales and marketing potential in Scandinavia, Europe and other international markets has been strengthened.

Markets
The amount of cash in circulation is increasing in all countries in the world – including Norway and Sweden where the share of electronic transactions is high. In Norway alone cash worth NOK 40–50 billion is in circulation. This is dangerous and expensive to society. The Norwegian Financial Services Association estimates that the annual cost of cash handling in Norway is at least NOK 2 billion. Our solutions reduce these costs while also minimising the risk of handling.

Statistics from Visa Europe show a 20 per cent growth in cash reserves in Europe between 2007 and 2008. 80 per cent of all transactions in the Euro zone are cash transactions. Falling confidence in the banks along with a decrease in the use of traditional credit cards are also expected to stimulate cash use in 2009.

Figures from Britain also show a sharp rise in the number of CIT (Cash In Transit) robberies at the end of 2008. The total number of robberies remained virtually unchanged at approximately 1,000 between 2007 and 2008, while individual statistics for the fourth quarter alone show an increase of as much as 37 per cent.

The trend is clear. The financial crisis has led to a significant increase in the amount of cash in circulation while robberies are significantly on the increase – important market drivers for the company's Cash Management solutions.

Some of the group's biggest challenges and opportunities are in relation to an international breakthrough for the segment Cash Management Retail.

Cash Management Retail is undergoing an establishment phase in a number of international markets with considerable potential. As a clear market leader the company is well positioned for achieving a breakthrough in terms of sales and marketing outside Scandinavia. The level of interest in the market is generally high, and several interesting projects are underway. Continued good sales are expected in Norway and Sweden along with gradually increasing international sales.

Cash Management CIT/ATM is experiencing high demand from both existing and new customers with a generally high level of activity.

Market prospects for Retail Solutions are good, particularly in relation to cash handling solutions and electronic shelf labels. A number of larger contracts are in the pipeline, which could also have an effect on Cash Management Retail.

So far the financial crisis has only affected PSI to a limited extent. Historically the company's markets have been resistant to economic downturns as investment in both the supermarket and security sectors has traditionally not been significantly affected by financial and macroeconomic fluctuations.It must still be expected that the financial crisis may also affect the company's activities and thus create more uncertainty in the times ahead.

Continued turnover growth along with good profits are expected in 2009.

The parent company - PSI Group ASA
The main function of the parent company is to exercise optimal ownership of its subsidiaries and maximise shareholder value through the listing of the share in Oslo and Stockholm. PSI Group ASA only employs two people: the CEO and CFO.

The parent company PSI Group ASA saw an annual profit of NOK 12.5 million. Group relief has been received from subsidiaries to a value of NOK 13.2 million.

Proposed distribution of annual profit
The board will propose to the annual general meeting that the profit of the parent company PSI Group ASA for 2008 be allocated as follows:

Profit for year:
NOK 12,494,516

Transfer to other equity:
NOK 12,494,516

Declaration
We confirm that the financial statements for the period 1 January 2008 to 31 December 2008 have, to the best of our knowledge, been prepared in accordance with relevant accounting standards and that the information provided in the statements gives a true and fair view of the entity and group's assets, debts, financial position and profit as a whole, and that the directors' report gives a true and fair view of the development, profit and position of the entity and group, along with a description of key risk and uncertainty factors faced by the entity.

Rælingen, 17 April 2009

Leif Flemming Bakke
Chairman of the Board

Erik Pinnås
Director

Svein S Jacobsen
Director

Guri Kogstad
Director

Bente Holm Mejdell
Director

Jørgen Waaler
Group Chief Executive Officer

Consolidated income statement

NOK Thousands

INCOME STATEMENT

	note	2008	2007
Sales revenue	3, 24	550 904	461 183
Share of profit associate companies, Service companies	6	2 383	1 689
Total operating income		**553 287**	**462 872**
Cost of goods sold	12	274 573	260 372
Payroll	9	152 423	95 352
Depreciation	10, 11	23 962	4 034
Other operating expenses	5,16,22	50 029	51 027
Total operating expenses		**500 987**	**410 785**
Operating profit		**52 300**	**52 086**
Interest income	8	6 169	1 276
Other financial income	8	7 632	12 256
Total financial income		**13 801**	**13 531**
Interest expense	8	19 458	7 586
Share of profit associate companies, CashGuard	6	10 697	3 408
Other financial expenses	8	10 710	7 204
Total financial expenses		**40 865**	**18 198**
Net financial items		**-27 063**	**-4 667**
Ordinary profit before tax		**25 236**	**47 419**
Taxation	27	12 034	11 749
Profit for year		**13 203**	**35 671**
Of which			
Majority interest		13 331	35 598
Minority interest		-129	73
		13 203	**35 671**
Earnings per share			
Earnings per share	23	0,75	2,80
Fully diluted earnings per share	23	0,75	2,80

Consolidated balance sheet

NOK Thousands	Note	31.12.2008	31.12.2007
ASSETS			
Intangible assets	11	177 370	97
Goodwill	11	346 602	12 455
Tangible assets	10	31 921	18 988
Land and buildings	10	12 778	6 167
Shares in CashGuard AB	6	-	155 368
Associate companies	6	8 844	7 493
Other long-term investments	7	517	204
Deferred tax	27	38 306	6 815
Total fixed assets		**616 338**	**207 587**
Short-term financial investments	7	707	4 695
Stock	12	98 402	44 473
Trade receivables	13	115 862	73 647
Prepaid expenses		6 607	5 688
Other receivables	13	9 849	15 512
Bank deposits etc.	14	21 018	4 013
Total current assets		**252 446**	**148 029**
TOTAL ASSETS		**868 784**	**355 616**
EQUITY AND LIABILITIES			
Share capital	25	13 757	7 467
Treasury shares	25	-743	-17
Other equity items	25	408 168	112 591
Minority interests	25	129	446
Total equity		**421 311**	**120 488**
Long-term interest-bearing liabilities	15	110 258	100 305
Long-term allocations	22	8 707	0
Other long-term debts	4	7 234	0
Total long-term debts		**126 199**	**100 305**
Current interest-bearing liabilities	15	130 153	33 332
Trade creditors		80 916	41 046
Tax payable	27	2 760	8
Indirect taxes		12 504	10 811
Other short-term liabilities	22,28	94 942	49 626
Total short-term liabilities		**321 275**	**134 823**
Total liabilities		**447 474**	**235 128**
TOTAL EQUITY AND LIABILITIES		**868 784**	**355 616**

Rælingen, 17 April 2009

Leif Flemming Bakke
Chairman of the Board

Erik Pinnås
Director

Svein S Jacobsen
Director

Guri Kogstad
Director

Bente Holm Mejdell
Director

Jørgen Waaler
Group Chief Executive Officer

Consolidated cash flow statement

	Note	2008	2007
Ordinary profit before tax and interest		25 236	47 419
Net interest		13 289	6 310
Tax paid	28	-428	-2 561
Share of profit, associate companies	6	8 313	1 719
Ordinary depreciation	10,11	23 962	4 034
Realised loss on financial instruments	8	3 913	2 905
Non-realised loss on financial instruments	8	784	2 650
Realised profit on financial instruments	8	-	-9 269
Non-realised profit on financial instruments	8	-	-1 345
Change in stock		4 031	1 034
Change in trade receivables		2 261	-8 490
Change in trade creditors		-9 747	7 719
Other accrued items		-19 295	2 928
Net cash flow from operational activities		**52 319**	**55 054**
Net payments for fixed assets	10	-11 402	-11 614
Net activation of development costs	11	-5 111	-
Payment for CG shares	6	-10 234	-77 230
Sums received from sale of financial instruments	6	660	2 239
Purchase of Repant shares	7	-1 500	-6 000
Interest income		6 169	1 276
Dividends received from associated companies	6	1 560	-
Net effect acquisitions	4	-13 777	-
Net change treasury shares	25	-11 189	-2 576
Net cash flow from investment activities		**-44 824**	**-93 904**
Change in long-term debt		-6 685	31 489
Change in overdraft		38 112	8 614
Transaction cost of mergers taken to equity	4	-1 475	-
Interest expense		-19 458	-7 586
Net cash flow from financing activities		**10 494**	**32 517**
Effect of exchange rate fluctuations		100	-
Net change in liquid assets		17 989	-6 332
Cash and cash equivalents at the start of the period		4 013	10 345
Deconsolidation PSI Finance	4	-1 084	-
Cash and cash equivalents at the end of the period	**14**	**21 018**	**4 013**

Consolidated statement of changes in equity

	Note	Share capital	Share premium account	Treasury shares	Other paid-in equity	Translation differences	Other equity	Total	Minority interest	Total equity
		Majority interest								
Equity as at 31.12.2006		**8 297**	**6 057**	**-800**	**8 879**	**-3 810**	**70 729**	**89 352**	**373**	**89 725**
Profit for the year							35 597	35 597	73	35 670
Net effect - purchase and sale of own shares				-46			-2 497	-2 544		-2 544
Cancellation of own shares		-830		830				-		-
Currency translation differences						-2 363		-2 363		-2 363
Equity as at 31.12.2007		**7 467**	**6 057**	**-17**	**8 879**	**-6 173**	**103 829**	**120 042**	**446**	**120 488**
Profit for the year							13 331	13 331	-129	13 202
Net effect - purchase and sale of own shares				-726			-10 464	-11 190		-11 190
Effect of merger with CashGuard AB	4	6 289	277 924				-11 053	273 160		273 160
Merger transaction costs	4		-1 475					-1 475		-1 475
Tax effect of transaction costs	4		413					413		413
Effect of deconsolidation of PSI Finance	20						-529	-529	-188	-717
Currency translation differences						27 429		27 429		27 429
Equity as at 31.12.2008		**13 757**	**282 919**	**-743**	**8 879**	**21 256**	**95 114**	**421 182**	**129**	**421 311**

Included in the effect of the merger with CashGuard AB is also the effect of step acquisitions. Until the date of the merger investments in CashGuard AB were recognised using the equity method. At the time of the merger 100% of identified assets and liabilities were factored in, while goodwill is added in as the sum of identified goodwill relating to all purchases of CashGuard shares plus the share of goodwill identified at the time of the merger. The net effect in relation to the balance sheet value of the CashGuard investment at the time of the merger was -11,053 and has been recognised as other equity. The sum predominantly represents CashGuard deficits not factored in during the period when the investment was not being recognised using the equity method.

Translation differences 2008 also include adjustments of profits on foreign exchange to internal loans considered to be part of the net investment in foreign entities. Settlement of such loans has not been planned, nor does it appear likely in the foreseeable future.

note 1 // general information

PSI Group ASA is based in Norway with its registered office at Slynga 10 in the municipality of Rælingen. The company is listed on the Oslo Stock Exchange with the ticker PSI and at Nasdaq OMX in Stockholm with the ticker PSI_SEK. The consolidated financial statements include the parent company and subsidiaries (referred to collectively as "the group" or individually as "group companies" or "subsidiaries") as well as the group's shares in associate companies and jointly controlled entities. The group's main area of business is the supply of progressive and advanced technology solutions for the retail sector, efficient solutions and securing of cash for the retail sector, and secure transportation and ATM solutions for the handling of cash. The company is divided into three areas of business: Retail Solutions, Cash Management Retail and Cash Management CIT/ATM.

The proposed annual financial statements were adopted by the board and CEO on the date shown on the signed balance sheet. The annual financial statements will be reviewed by the ordinary general meeting for final approval.

note 2 // accounting principles

Basic principles

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and associated interpretations and with additional Norwegian disclosure requirements pursuant to the Accounting Act, Stock Exchange Regulations and stock exchange rules applicable to financial statements completed by 31.12.2008. The consolidated financial statements have been produced based on historical costs with the exception of certain financial instruments, which have been given at their fair value.

In the current year the group has implemented IFRS 8, operating segments. The group's segments have changed as a result of the acquisition of CashGuard. IFRS 8 affects the contents of the notes but has not led to any change in profits or balance sheet items.

Estimates and judgements

The preparation of financial statements in compliance with IFRS involves judgements, estimates and assumptions that affect the accounting principles applied and the reported amounts for assets, liabilities, earnings and costs. Actual amounts may deviate from estimated amounts.

Estimates and underlying assumptions are reviewed and evaluated continually. Changes in accounting estimates are factored in in the period the estimates are amended and in any future periods that are affected. Areas particularly affected by judgements and estimates include the allocation of excess value from acquisitions and balance sheet entries for deferred tax assets and goodwill. The judgements made are detailed in Note 26.

Consolidation principles

The consolidated financial statements include those companies where the parent company and subsidiary directly or indirectly have a controlling influence. The consolidated financial statements give details of the companies' financial position, the results of that year's activities and cash flow given as a collective financial unit. Uniform accounting principles have been applied to all companies forming part of the group. Newly acquired companies are included from the date a controlling influence was achieved. Companies are consolidated up until the date when the controlling influence ceases to exist. Any minority interests' share of the profit and equity is shown as a separate item in the income statement but is included in the equity.

Any significant transactions or balances between companies within the group have been eliminated. Stakes in subsidiaries have been eliminated in the consolidated financial statements using the acquisition method. The difference between the cost price of the assets and the book value of net assets at the time of acquisition is analysed and allocated to individual balance sheet items in accordance with their fair value. Any additional excess value caused by expected future earnings is recognised as goodwill.

Associate companies are evaluated using the equity method by the group. Associate companies are entities over which the group has considerable influence but no overall control (normally in the case of stakes between 20% and 50%) over their financial and operational management. In the case of transfers from shares available for sale to associate companies any unrealised increase in value is recognised directly and reversed against equity. Associate companies whose main areas of business are directly linked to the activities of the PSI group are presented as operating income – other associate companies are presented as financial items.

PSI Finance has previously been consolidated based on the rules contained in SIC-12 on the consolidation of entities with a special purpose. In 2008 PSI Finance changed its operating model and is no longer considered to be an entity with a special purpose in accordance with SIC-12. For 2008 PSI Finance is deemed to be an associate company and is assessed using the equity method. Corresponding figures have not changed.

Any other investments are considered to be investments available for sale and are recognised in accordance with IAS 39 at their fair value and with any change in value through equity.

Translation of foreign currency

(a) Functional currency and reporting currency

The accounts of individual entities within the group are measured in the currency predominantly used in the economic area in which the entity operates (functional currency). The functional currencies largely consist of NOK and SEK. The consolidated financial statements have been prepared in NOK, which is both the functional currency and the reporting currency of the parent company.

(b) Transactions and balance sheet items

Transactions in foreign currency are translated into the foreign currency using the transaction exchange rate. Foreign exchange gains and losses that occur when paying for such transactions and when translating monetary items (assets and liabilities) in foreign currency at the end of the year at the exchange rate on the balance sheet date are recognised in the income statement. Monetary items in foreign currency are translated into NOK using the exchange rate on the balance sheet date. Non-monetary items measured at their historic exchange rate in foreign currency are translated into NOK using the exchange rate on the transaction date. Non-monetary items measured at their fair value in foreign currency are translated using the exchange rate determined on the valuation date.

(c) Group companies

The income statements and balance sheets for group companies whose functional currencies differ from the reporting currency are translated as follows:

i. The balance is converted to the closing rate on the balance sheet date.
ii. The income statement is converted to the average exchange rate.
iii. Conversion differences are recognised directly as equity and specified separately.

iv. Loans to overseas entities where repayment has not been planned or is not likely in the foreseeable future are considered part of the net investment in overseas activities, and foreign exchange gains or losses linked to such loans are recognised as translation differences through equity.

The same principles apply to balance sheet items that are non-monetary items – both historical cost and fair value items.

Fixed assets

Fixed assets are recognised at their acquisition cost less any accumulated write-downs and depreciation. The acquisition cost includes costs directly linked to the acquisition of the asset. Subsequent costs are added to the value of the asset as recognised on the balance sheet or are recorded on the balance sheet separately if it is likely that any future financial benefits in relation to the asset will fall to the group, provided these costs can be reliably measured. Any other repair and maintenance costs are recognised over the result in the period the costs are incurred.

The assets are subject to straight line depreciation in order that the acquisition cost of the assets is depreciated at the residual value after the expected useful life of the assets, which is:

Fixtures, fittings and equipment 3–5 years
Machinery 10 years
Plant and property (Production and warehouse facilities) 20 years
Land values are not depreciated

Assets that have been financed by financial leasing depreciate for the duration of the lease contract.

The useful life of the assets and their residual value are revalued on each balance sheet date and adjusted if necessary. When the balance sheet value of a fixed asset is higher than the estimated recoverable amount the value is reduced to the recoverable amount. Any profit and loss on disposal of the asset is recorded as the difference between sale price and balance sheet value.

Any fixed assets hired on terms that predominantly sees the transfer of financial rights and commitments to PSI Group are activated as fixed assets at the current value of the minimum hire sum, alternatively at their fair value if this is lower. The commitment is recognised as a long-term liability.

In the case of any other hire agreements the hire sum is carried as an operating cost and distributed systematically across the hire period.

Intangible assets

Intangible assets are assessed at their cost price less any accumulated write-downs and depreciation and are revised periodically for depreciation in the case of a fall in value. Any losses in relation to falls in value are recognised as operating costs.

Goodwill:

Any additional cost of acquisition beyond the fair value of net identifiable acquired assets is stated on the balance sheet as goodwill. In the case of step acquisitions goodwill is identified for each acquisition. In the event of a transfer of control, goodwill is recorded on the balance sheet for each acquisition and other intangible assets of acquisition.

On the balance sheet day the group evaluates the book value of any goodwill. Costs in the event of losses following a fall in value are recognised if the current value of expected future cash flow from the operation of underlying activities is below the book value of any associated goodwill. Negative goodwill in relation to transfers of business is immediately taken to income on the acquisition date. Goodwill does not depreciate.

Development costs:

Product development costs that can be reliably measured, and where the products are likely to provide future financial benefits, are activated as intangible assets and depreciated. Research into new products and maintenance of existing products are recognised as costs. Activated expenses include in-house payroll costs and contract services. Any government grants received are recognised as a cost reduction, and any activated government production grants mean the activated costs become lower.

Activated development is depreciated over the period during which the products are expected to generate earnings. Activated development, expected earnings and any residual value are reassessed on each balance sheet date and adjusted if necessary.

Decrease in value of non-financial assets

Fixed assets and tangible assets that are depreciated are assessed for a decrease in value when there are indications that future earnings cannot justify their balance sheet value. Depreciation is stated as the difference between the balance sheet value and recoverable amount. The recoverable amount is the highest of fair value less sale costs and value in use. When assessing a decrease in value the fixed assets are grouped at the lowest level on which it is possible to extract independent cash flows (cash-generated units). At each reporting date an assessment is made of the possibility of reversing previous depreciation of any non-financial assets.

The group carries out at least one annual impairment test of goodwill items.

Stock

Stock is assessed at its acquisition cost or net realisable value, whichever is lower. The acquisition cost of stock is based on the “first in, first out method” (FIFO) and includes costs in relation to the acquisition, the cost of production or reworking as well as any other cost of bringing the stock to its present location and condition.

The net realisable value is the estimated sale price under ordinary conditions less the estimated cost of preparation and completion at the transfer date.

Trade receivables

Trade receivables are measured at acquisition cost less any deducted provisions for expected losses. Amendments to the provisions are recognised as other operating costs.

Provisions for bad debts are based on a percentage provision in relation to the length of time that the claim remains unpaid. The percentage is progressive and increases in line with the age of the claim. Only overdue claims are depreciated.

Receivables are recorded as losses only after debt collection has failed to yield results.

Cash and cash equivalents

Cash and cash equivalents comprise both cash and bank deposits with an initial term of maximum three months.

Pension commitments, bonus schemes and other staff compensation schemes

(a) Pension commitments

Norwegian employees of the group have a contribution-based pension scheme, while Swedish staff have a pension scheme that is accounted for as a contribution-based scheme by which the pension premium is continually recognised as pension costs.

((b) Bonus schemes

The group recognises a commitment and a cost for bonus schemes. The group recognises a provision where there are contractual obligations or a precedent that generates a self-imposed obligation.

c) Options
The group has no option schemes for employees

Income
Income from the sale of goods and services is stated at its fair value, net after deductions for value added tax, returns, reductions and discounts. Inter-company sales are excluded. Revenue from the sale of goods is recorded when an entity within the group has delivered the goods to the customer, the customer has accepted the product and the customer's ability to settle the account has been satisfactorily confirmed. Services are recorded as income based on the number of hours supplied.

Long-term service agreements are recognised over the period that the agreement is in force.

Taxation
Tax expenses are linked to the recorded profit and comprise tax payable and changes in deferred tax.

Deferred tax is calculated on temporary differences between the taxable value and consolidated accounting value of assets and debts, with the exception of goodwill, which is not tax deductible. Deferred tax is calculated by applying rates of tax and tax legislation that are in force, or all but in force, on the balance sheet date and that are expected to be applied when the deferred tax asset is realised or when the deferred tax is settled. Positive and negative differences are assessed against each other within the same time interval. Deferred tax assets are recognised on the balance sheet to the extent that it is likely that future taxable earnings will be present and the temporary differences can be deducted from these earnings.

Equity capital and cost of equity capital
Debts and equity:
Financial instruments are classified as debt or equity in accordance with the underlying financial realities.

Interest, dividends, profits and losses relating to a financial instrument classed as debts are reported as costs or income. Payments to holders of financial instruments classed as equity will be recognised directly through equity. When rights and obligations linked to pay-outs from financial instruments are dependent on certain types of unpredictable future events and are beyond the control of both the issuer and holder, the financial instrument will be classed as debt unless the probability of the issuer having to pay out cash or other financial assets is not deemed to be remote at the time of issue. In this case the financial instrument is classed as equity capital.

Own shares:
In the case of a buyback of own shares the purchase price including directly attributable costs is reported as changes in equity. Own shares are reported as a reduction in equity capital. Losses or profits on transactions in own shares are not recorded. Forward contracts relating to the purchase of own shares are treated as own shares.

Cost of equity capital transactions:
Transaction costs directly linked to an equity capital transaction are recognised directly through equity after the deduction of tax.

Other equity:
Translation differences occur in connection with currency differences when consolidating foreign entities.

Currency differences on monetary items (debts or receivables) which in reality are part of a company's net investment in an overseas entity are also included as translation differences.

When disposing of a foreign entity the accumulated translation difference linked to the entity is reversed and recorded in the same period that the profit or loss incurred from the disposal is recorded.

Provisions
A provision is recognised when the group has an obligation (legal or self-imposed) resulting from a previous event if it is likely (more likely than not) that there will be a financial settlement as a result of this obligation, and if the size of the amount can be reliably measured. If the effect of the provision is significant the provision is calculated by discounting expected future cash flows with a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, any risks specifically linked to the obligation. Provisions for warranties are factored in when the underlying products and services are sold. The provisions are based on historic information about warranties and on a weighting of the possible outcomes compared with the likelihood that they will occur.

Financial instruments
In accordance with IAS 39, Financial Instruments: Recognition and Measurements, financial instruments are grouped within the scope of IAS 39 into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other commitments.

In 2008 and 2007 the group has financial instruments within the categories loans and receivables as well as shares available for sale. Loans and receivables are recognised at their amortised cost, while available-for-sale instruments are recognised at their fair value as observed in the market place without reduction for sale costs.

Profits or losses incurred as a result of changes in the actual value of financial investments classed as available for sale are recognised directly through equity capital until the investment is disposed of. Upon disposal any accumulated profit or loss on the financial instrument previously recognised through equity capital is reversed, and any profit or loss is recognised.

Forward contracts and other financial derivatives that are not securities are included at their fair value and with any change in value recognised through profit and loss.

Financial assets classified as available for sale shall be written down when there are objective indications that the asset has fallen in value. Such indications are normally considered to be present when the impairment is above 20% or if it has lasted for more than six months. The accumulated loss factored directly into the equity capital (the difference between acquisition cost and current fair value less impairment previously factored into the accounts and any amortisation) is subtracted from the equity capital and factored into the profit. The impairment of an investment in an equity instrument is not reversed through profit and loss.

Investments in associate companies are impairment tested based on the principles given in IAS 39. If there are objective indications of a fall in value an impairment test shall be carried out in accordance with IAS 36. Any recoverable amount shall be based on sale value or value in use, whichever is higher. The value shall be written down if the carrying amount exceeds the recoverable amount.

Borrowing costs
Borrowing costs are not recognised on the balance sheet.

Segment reporting
For management purposes the group is divided into three separate units according to their product/service definition. The units form the basis for segment reporting.

Government grants
Government grants are recognised if there are reasonable grounds to

believe that the company will meet the criteria of the grant and the grant will be awarded. The recognition of operating grants shall be factored in systematically during the grant period.

Fixed assets held for sale and wound-up activities

Fixed assets and groups of fixed assets and debts are classed as held for sale if their carrying amount can be recovered by way of a sales transaction rather than continued use.

Adopted IFRSs and IFRICs not yet in use

IFRS 3 (revised) - Business combinations

Compared with the current IFRS 3 the revised standard contains certain changes and adjustments concerning the application of the acquisition method. Specific circumstances that are affected include goodwill on step acquisitions, minority interest, provisional accounting, and acquisition cost. IFRS 3 (R) is due to come into force on 1 July 2009, but the standard has not yet been approved by the EU. The group is planning to apply IFRS (R) from 1 January 2010.

IAS 1 (revised) – Presentation of financial statements

The revised standard involves changes to the statement layout, particularly the changes in equity statement, and introduces a statement of non-owner transactions "Statement of comprehensive income". IAS 1 (R) will come into force on 1 January 2009. The group will apply IAS 1 (R) from 1 January 2009.

IAS 27 (revised) – Consolidated and separate financial statements

Compared with the current version of IAS 27 the revised standard provides further guidance on the accounting of changes in ownership in subsidiaries and on the disposal of investment in subsidiaries. Current rules on the distribution of losses between majority and minority interests will be changed so that losses be attributable to the minority, even if they exceed the profits. IAS 27 (R) is due to come into force on 1 July 2009, but the standard has not yet been approved by the EU. The group is planning to apply IAS 27 (R) from 1 January 2010.

- In addition to the above, the following rules have been adopted but not applied by the group in 2008. The group expects to implement these rules from the date they come into force, but it is currently not thought that they will have a significant effect on the group:
- • Amendment to IFRS 2 Share-based payment: Vesting terms and cancellations. The amendment comes into force on 1 January 2009.
- IAS 23 (revised) – Borrowing costs. IAS 23 (R) comes into force on 1 January 2009.
- Amendment to IAS 32 Financial instruments – presentation and IAS 1 Presentation of financial statements – Puttable Financial Instruments. The amendments to IAS 32 and IAS 1 are due to come into force on 1 January 2009, but the amendments have not yet been approved by the EU.
- Amendment to IAS 39 Financial instruments – recognition and measurement – Eligible Hedged Items. The amendment to 39 is due to come into force on 1 July 2009, but the amendment has not yet been approved by the EU.
- IFRIC 12 – Service concession arrangements. The interpretation was due to come into force on 1 January 2008, but had by that time not yet been approved by the EU. The interpretation has still not been approved, but the EU has proposed bringing it into force in the accounting year starting after 31 December 2008.
- IFRIC 13 – Customer loyalty programmes. The interpretation was due to come into force on 1 July 2008 but had by that time not yet been approved by the EU. The interpretation has still not been approved, but the EU has proposed bringing it into force in the accounting year starting after 31 December 2008.
- IFRIC 14 – IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction. The interpretation was due to come into force on 1 January 2008 but had by that time not yet been approved by the EU. The interpretation has still not been approved, but the EU has proposed bringing it into force in the accounting year starting after 31 December 2008
- IFRIC 15 – Agreements for the construction of real estate. The interpretation is due to come into force on 1 January 2009 but has still not been approved by the EU.
- IFRIC 16 – Hedges of a net investment in a foreign operation. The interpretation was due to come into force on 1 October 2008 but has still not been approved by the EU.
- IFRIC 17 – Distributions of non-cash assets to owners. The interpretation is due to come into force on 1 July 2009 but has still not been approved by the EU.
- IFRIC 18 – Transfers of Assets from Customers. The interpretation is due to come into force on 1 July 2009 but has still not been approved by the EU.

note 3 // segment information

Segment information is based on reported turnover and EBITDA for the legal entities included in the segment. Intra-group items and the income statement of the parent company are included in the column Group/ Elimination.

A) Operating segment: Business segments

	Cash Management Retail		Cash Management CIT/ATM		Retail Solutions		Group/ Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Sales revenue, external customers	4 153	-	117 769	-	429 453	460 848	-	-	551 375	460 848
Sales revenue, internal customers	58 629	-	3 865	-	671	-	(63 637)	335	(471)	335
Total sales revenue	**62 783**	**-**	**121 635**	**-**	**430 124**	**460 848**	**(63 637)**	**335**	**550 904**	**461 183**
EBITDA	6 866	-	37 820	-	37 938	58 672	(6 362)	(2 551)	76 262	56 120
Assets	261 406	-	447 995	-	187 293	251 997	(33 539)	103 619	868 784	355 616

Business area

The group is divided into three divisions, each focusing on a separate area of business. This forms the basis of the various segments and of reporting to the group management and board. The group management follows up the divisions based on reported sales revenues and EBITDA.

Cash Management Retail comprises the previous segment Trading in the merged company CashGuard AB, which includes all development, production and sale of systems to all of CashGuard's global retail partners/ distributors - including the PSI companies.

Cash Management CIT/ATM comprises the activities of Security Qube System AB (SQS). The business segment supplies the most advanced cash security solutions for ATMs and cash transport available on the market. SQS is also a significant sub-supplier of associated dyeing technology for CashGuard products aimed at retailers who require the highest level of security.

Retail Solutions comprises the previous activities of PSI before the merger - including the sale of solutions and after-sales to retail, industry and the public sector - which means that the excess value of the sale of CashGuard systems by PSI's Norwegian and Swedish activities are presented here.

B) Geographical information

The group is focusing on growth outside its domestic markets in Norway and Sweden and therefore also reports on turnover growth in relation to geographical areas.

	Norway		Sweden		Other markets		Group/ Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Sales revenues	224 329	271 765	275 166	189 418	51 409	-	(0)	-	550 904	461 183
Fixed assets	28 391	16 187	574 335	14 106	322	-	13 291	177 294	616 338	207 587

Revenue from one Swedish customer totalled NOK 28,942,000 in 2008, and revenue from three customers in Europe totalled NOK 22,385,000.

All customers belong to the operating segment Cash Management CIT/ATM

note 4 // changes in the group structure

Merger with CashGuard AB 10.06.2008

On 10 June the respective general meetings of CashGuard AB and PSI Group ASA approved the merger between the two companies in line with the merger agreement entered into on 15 April 2008. PSI Group ASA was identified as the acquiring party. CashGuard AB consisted of the two divisions Cash Management Retail and Cash Management CIT/ATM, both leading suppliers within their respective sectors. The merger strengthened PSI Group ASA's ownership of world-leading technology.

The exchange ratio of 53% for CashGuard and 47% for PSI means that 1 CashGuard B share gives 0.136389 PSI shares, and 1 CashGuard A share gives 0.143208 PSI shares. At the time of the merger PSI owned 500,000 A shares and 24,355,368 B shares, making up 25.05% and 27.13% respectively of the share capital and votes in CashGuard. In line with the merger agreement no compensatory shares were issued for PSI's shares in CashGuard. The compensatory shares were produced by way of a share capital increase of a total of 10,143,930 shares in PSI Group ASA, each with a nominal value of NOK 0.62, which fall to the shareholders in CashGuard in their entirety. The settlement took place on 26 August 2008. PSI Group ASA consolidated CashGuard AB with effect from 10 June this year, which means that the entire third and fourth quarters have been consolidated – while 20 days of CashGuard's June results were included in the half-year accounts. PSI's direct costs of KNOK 17,534 in relation to the merger have been included as a share of the cost price. Costs relating to the issuance of compensatory shares of KNOK 1,475 have been carried against equity capital. Apart from the transaction costs the entire compensation package consists of PSI Group shares.

The closing price of the PSI Group ASA share on 9 June 2008 was used to calculate the value of the PSI Group shares used as compensation for the merger. This value was also used to calculate the net value of any transferred assets and commitments following the merger. By recalculating the compensation for 74.95% of CashGuard to 100%, then adding transaction costs and converting to SEK using an exchange rate of 0.855, a value of KSEK 476,350 was reached, representing the actual value of the transferred assets and liabilities from the merger.

The allocation of compensation was carried out by independent financial experts. The allocation is as follows. Figures given in SEK 1,000:

	Balance at the time of acquisition	Allocation of excess value	Fair value after allocation of excess value	Effect of step acquisition	Total factored-in value
Cash	4 226	-	4 226	-	4 226
Receivables	137 040	-	137 040	-	137 040
Stock	61 102	1 037	62 139	-	62 139
Deferred tax assets	91 633	-33 957	57 676	-	57 676
Intangible assets	46 170	161 135	207 305	-	207 305
Fixed assets	15 803	-	15 803	-	15 803
Interest-free debts	(222 946)	-40 900	(263 846)	-	(263 846)
Interest-bearing debts	(50 560)	-	(50 560)	-	(50 560)
Net identifiable assets and debts	**82 468**	**87 315**	**169 783**	**-**	**169 783**
Goodwill from merger	-	306 567	306 567	51 325	357 892
Total fair value on transaction date			**476 350**		
Transaction costs paid by PSI Group in NOK			8 831		
Cash received, converted to NOK			3 592		
Net cash out			**5 239**		

The excess value analysis shows identified intangible assets of SEK 178 million relating to customer relations, brands and technology - see Note 11 for further details. SQS has two royalty agreements relating to the use of technology. The discounted value of expected future royalty agreements has been included as a liability for allocation purposes. The amount totals KSEK 40,900 and is included in the entry Interest-free debts.

Goodwill identified in connection with the merger totals MSEK 307. Deferred tax of MSEK 34 has been allocated in relation to identified excess value. This amount is also included in the goodwill. At the time of the merger PSI Group was a major customer of CashGuard. Non-contractual customer-related intangible assets identified in the excess value analysis and consisting of the customer relationship with PSI group totals around MSEK 17. This item cannot be entered separately on the balance sheet and has therefore been carried on the balance sheet as goodwill. Other aspects included in goodwill are the value of the workforce, expected future earnings and expected synergy effects.

At the time of the merger PSI Group owned 25.05% of the shares in CashGuard AB. These shares were acquired through a number of transactions, whereby the first shares were acquired in October 2003 and the last shares in April 2008. From November 2006 the investment has been recognised using the equity method. At the time of the merger, goodwill from each of these purchases has been identified and carried forward. Total goodwill relating to CashGuard comprises total goodwill identified for each purchase of CashGuard shares plus goodwill identified in connection with the merger. In order to identify goodwill relating to earlier purchases, the excess value has been identified and allocated based on the distribution figures identified in the excess value allocation section above.

The acquired company has contributed KNOK 129,004 to the group's external operating income and KNOK 25,945 to the group's ordinary profits before tax in the period between the acquisition and 31.12.2008. This includes a profit on the redemption of royalty commitments - see below.

If the acquisition had been completed by 01.01.2008 the group's total external operating income for the entire period would have been KNOK 616,080 and the group's ordinary profit before tax KNOK -36,500 (loss).

Acquisition of Friström Innovation AB 05.11.2008

On 5 November SQS Security Qube System AB reached an agreement on the acquisition of Friström Innovation AB with effect from 14 November 2008. Friström Innovation has exclusive rights to the production of all pyrotechnical equipment, including explosive elements, used in all SQS products. A turnover-based royalty agreement between the companies is also in place based on the transfer by Friström Innovation of a number of patent rights to SQS ten years ago. It has been agreed that SQS will pay KSEK 18,000 for the company. KSEK 6,000 was paid at the time of the takeover, and SEK 1,000,000 will be paid on the last day of every quarter with the first payment due on 31 March 2008 and the last payment due on 31 December 2011. The remaining debt as at 31.12.2008 is KSEK 8,000 and has been included as other long-term debt.

Net current assets transferred total KSEK 4,800. The remainder of the purchase sum of SEK K13,200 has been treated as settlement of the royalty commitments identified in connection with the merger with CashGuard. The fair value of the royalty commitment was included in the merger with a sum of KSEK 29,500. Following the acquisition of Friström Innovation the commitment is considered to have been met, and the remaining share of the commitment of KSEK 16,300 is taken to income. The sum appears in the entry Other operating expenses.

Acquisition of Systemedia division 04.01.2008

On 4 January 2008 PSI Systems AS acquired the Systemedia division, a division of Elektroniske Datatjenester AS (EDT), which specialises in the sale of accessories and solutions from NCR Limited (NCR) and of Nordic toners. The division was incorporated into PSI Systems AS from 4 January 2008. The acquisition was structured as a purchase of assets and liabilities. The acquisition means that PSI will be distributing Nordic toners and system solutions within the segment defined by NCR as Systemedia / Printer Consumable Solutions in the Nordic and Baltic countries. PSI Systems AS paid KNOK 8,000 cash on the date of the takeover. Additional transaction costs totalled KNOK 175. The price represents goodwill at KNOK 6,433 and other intangible assets in the form of a customer database and customer relations to a value of KNOK 1,742.

Systemedia has been directly integrated with PSI System AS, and there is no separate information available concerning turnover and profit from this unit.

Acquisition of Nor Systempartner AS (now Instore IT Midt Norge AS) 01.05.2008

On 1 May PSI Group ASA acquired 80% of the shares in Nor Systempartner AS (now Instore IT Midt-Norge AS). The company provides services and the sale of accessories in the Trøndelag region, and the purchase will help strengthen PSI's presence in the region. The purchase has no significant effect on the balance sheet.

The purchase price of the shares is KNOK 689, which corresponds to the book value of the unit. Cash transferred totals KNOK 326, bringing the total net cash effect of the transaction to KNOK 363.

Change in business model of PSI Finance

In 2007 PSI Finance was a sales financing enterprise with the sole purpose of offering financing solutions linked to PSI products. The unit was then considered a unit with a special purpose and consolidated based on the provisions of SIC-12. In 2008 PSI Finance changed its operating model and now also offers financing solutions for other products and companies. In 2008 PCI Finance is no longer thought to satisfy the definition laid down in SIC-12 of an entity with a special purpose and has therefore not been consolidated for 2008. PSI's stake of 49% is assessed using the equity method.

note 5 // other operating expenses

	2008	2007
Rent, electricity	16 798	10 406
Marketing	7 744	4 571
Vehicles	9 307	8 058
Transportation	6 008	8 474
Other fees	7 162	7 048
Travel	6 055	3 372
Maintenance machinery/tools	2 480	1 886
IT/ICT	3 612	1 342
Communication	4 050	2 455
Bad debts	(92)	(1 073)
Auditors etc.	982	674
Government grants (Skattefunn)	(2 400)	(800)
Reversal of long-term liabilities	(15 825)	0
Stock exchange and VPS/VPC costs	860	436
Other costs	3 287	4 179
Total	**50 029**	**51 027**

Specification of recognised auditors' fee:	**2008**	**2007**
Fee for auditing services	687	560
Fee for other attestation services	32	24
Fee for advice on taxes and charges	243	90
Fee for other services	20	0
Total	**982**	**674**

In addition to the above, an accountants' fee of KNOK 465 has been paid for work in relation to the CashGuard merger. This fee is included in the cost price of the merger.

note 6 // investments in associate companies

PSI owns stakes in strategically important companies in the operating segment Retail Solutions. The Instore IT companies carry out servicing on behalf of PSI Systems AS in areas where the company does not have its own service organisation. PSI Finance AS offers financing to PSI customers in Norway and Sweden.

PSI Group ASA har følgende investeringer i tilknyttede selskaper:

Entity	Country	Industry	Stake 31-12-08	Cost price 31-12-08	Book value 31-12-07	Additions (disposal)	Dividends paid out in 2008	Share of profit for year 2008	Book value 31-12-2008
Instore IT Innland AS	Norway	Service company	40%	1 561	2 395	0	-560	652	2 487
Instore IT Sør AS	Norway	Service company	40%	2 241	2 998	0	-520	635	3 113
Instore IT Vest AS	Norway	Service company	30%	1 530	2 100	0	-480	650	2 269
CashGuard AB	Sweden	Production	I/A	I/A	155 368	-144 671	0	-10 697	0
PSI Finance AS	Norway	Financing	49%	49	0	528	0	446	974
Total				**5 381**	**162 861**	**-144 144**	**-1 560**	**-8 313**	**8 844**

CashGuard AB merged with PSI Group ASA in 2008 and is thus not an associate company as at 31.12.2008.

PSI Finance AS was consolidated in 2007 in line with the regulations contained in SIC-12. For 2008 PSI Finance is deemed to be an associate company - see Note 4

An overview of financial information about individual associate companies, based on 100%:

Entity	Assets	Debts	Equity	Turnover	Profit for year
Instore It Innland AS	6 216	4 158	2 058	10 340	1 630
InStore It Sør AS	9 076	7 292	1 784	24 097	858
InStor IT Vest AS	9 823	6 877	2 946	21 824	2 166
PSI Finance AS (non-consolidated accounts)	5 494	4 932	562	2 263	867
Total	**30 609**	**23 258**	**7 351**	**58 524**	**5 520**

note 7 // shares in other companies

	2008			2007		
Company (Figures in NOK thousands)	**Number**	**Cost price**	**Market value**	**Number**	**Cost price**	**Market value**
Short-term financial investments:						
Repant 1)	1 240 000	2 940	707	1 000 000	6 000	3 350
Forward contract for purchase of CG shares 2)	-	-	-	1 905 000		1 345
Total		**2 940**	**707**		**6 000**	**4 695**
Other long-term investments:						
Prodata AS (18.5%) 3)	127	200	200	127	200	200
Cashpos Systems AS (23%)	805	161	161	-	-	-
Bank guarantee for service facility in Belgium, SQS Int.	-	138	138	-	-	
Share of housing association, flat owned by SQS in Sweden	-	14	14	-	-	
Other companies		281	4		281	4
Total		**794**	**517**		**481**	**204**

The shares are classified as assets available for sale, and any increase in their fair value are recognised directly through equity capital. Any depreciation is recognised through profit and loss.
Forward contracts and options are entered at their fair value and with all changes in value through profit and loss.
The assets are classed as being available for sale because they are of no strategic importance to the group.
1) The Repant shares are listed on the Oslo Stock Exchange. The fair value as at 31.12.2008 is based on the market price on that date. Any falls in comparison with the cost price were treated as depreciation in 2007 and 2008.
2) As at 31.12.2007 the company had a forward contract on the purchase of 1,905,000 CashGuard shares in 2008. The forward contract was valued as the difference between the forward price and listed price of CashGuard B shares on the Stockholm Stock Exchange on 31.12.2007. The forward contract was utilised in 2008.
3) The shares in Prodata were purchased in August 2005. The market value is deemed to be equal to the acquisition cost.
4) The shares in Cashpos Systems AS were purchased in February 2007 by Instore IT Midt-Norge AS. The stake was absorbed by the group following the acquisition of Instore IT Midt-Norge AS with effect from 1 May 2008. The market value is expected to be equal to the acquisition cost.

note 8 // financial items

	2008	2007
Interest income	6 169	1 276
Profit on exchange, customer/supplier items	6 267	1 322
Profit on exchange, loans	915	0
Realised profit on forward contract CashGuard, entered into 2006	0	9 269
Unrealised profit on forward contract CashGuard, entered into 2007	0	1 345
Other financial income	450	318
Total financial income	**13 801**	**13 531**
Interest expense	-19 458	-7 586
Incorporation of CashGuard AB [1]	-10 697	-3 408
Loss on exchange, customer/supplier items	-5 010	-1 215
Unrealised loss on Repant shares	-790	-2 650
Realisation of shares	-3 774	-2 905
Realised loss on forward contract CashGuard, entered into 2007	-139	0
Other financial expenses	-997	-435
Total financial expenses	**-40 865**	**-18 198**
Net financial expenses	**-27 063**	**-4 667**

[1] Incorporation of CashGuard AB from 01.01.2008 to the merger 10.06.2008.

note 9 // payroll costs and number of employees

	2008	2007
Salaries	109 575	71 226
Directors' fees	502	414
Options for employees	0	69
Employer's contributions	30 876	17 965
Pension costs	6 545	3 722
Other salary costs	4 924	1 956
Total payroll costs	**152 423**	**95 352**
Number of full-time equivalents employed during the year:	308	205
Number of employees at the end of the year:	392	208

The Norwegian employees have a pension scheme according to the law on obligatory service pension. Contributions make up 2 % of the employees salary between 1 G and 12 G. The Swedish subsidiaries have collective pension schemes in place for their employees. PSI Antonson AB is signed up with Alceta, while the other Swedish units hold pension schemes with Fora and Collectum. A total of 282 employees in Sweden are included in the schemes. Due to the lack of data available and the structure of the plan it is considered a multi-employer plan in accordance with IFRS and is recognised as a contribution-based plan. The pension premium and costs for 2008 total KNOK 3,691. In 2007 the pension premium and costs totalled KNOK 2,992

Salaries and remuneration for group management and directors	**2008**		**2007**	
	Director's fee	**Other remuneration**	**Director's fee**	**Other remuneration**
Board of Directors at PSI Group ASA				
Leif Flemming Bakke, Chairman	150		150	
Bente Mejdell, Director	100		64	
Bente Sollid-Hansen, Director	44		64	
Kjell Rusti, Director	-		36	
Patrick Sandal, Director	108		-	
Erik Pinnås, Director	100	22	100	22
Total Board of Directors 1)	**502**	**22**	**414**	**22**

1) There are also additional transactions with close associates, described in Note 18. The Chairman of the board of directors does not have any agreement on severance payments, compensation packages or bonuses

	2008			2007		
	Salary	Bonus	Other remuneration	Salary	Bonus	Other remuneration
Group management						
Jørgen Waaler, CEO	1 103	392	6	957	30	10
Asgaut Moe, Finance Director (01.01.07 - 31.03.07)				266		1
Anders Nilsen, Finance Director (10.04.07 - 31.12.07)	723		6	462		3
Total group management	**1 826**	**392**	**12**	**1 685**	**30**	**14**
Total management and board of directors	**2 328**	**392**	**12**	**2 099**	**30**	**36**

1) The CEO is entitled to a final compensation package comprising 6 months' salary after the end of the 6-month notice period if his employment were to be terminated as a result of a decision by the board. The board sets the CEO's compensation package on an annual basis. The basis for bonuses consists of both financial and non-financial criteria.
2) No loans have been given or security put up on behalf of members of the management team or board of directors.
3) Members of the management team have pension schemes in line with the statutory and obligatory company pension scheme. Contributions make up 2% of the employee's salary between 1G and 12G.

	Shares as at 31.12.08	Shares as at 31.12.07
PSI Group ASA board of directors		
Leif Flemming Bakke, Chairman 2)	800 000	750 000
Erik Pinnås, Director 1)	2 961 276	2 915 000
Bente Mejdel, Director	10 200	2 000
Management		
Jørgen Waaler, CEO 3)	250 000	240 000
Anders Nilsen, Finance Director	2 000	2 000
Total	**4 023 476**	**3 909 000**

1) Erik Pinnås' shares are owned privately and through the companies Pinnås eiendom, Diamond Holding AS and Probitas Holding AS.
2) The chairman's shares are owned through the companies Capnova AS and Novestra AS.
3) The CEO's shares are owned privately and through the company Waaler AS. Related parties also own 2,852 shares.
No employees or directors own any options.

note 10 // fixed assets

Buildings and land	Land	Buildings France	Buildings Sweden	Buildings Norway	2008 total	2007 total
Acquisition cost 01.01.	825	-	-	5 587	6 412	3 894
Acquired through mergers	-	5 011	2 235	-	7 247	
Acquired	-	-	-	216	216	2 518
Translation differences	-	-	-	-	-	-
Acquisition cost 31.12	**825**	**5 011**	**2 235**	**5 803**	**13 875**	**6 412**
Accumulated depreciation as at 01.01	-	-	-	-245	-245	-
Accumulated depreciation as at 31.12	-	-136	-388	-531	-1 055	-245
Translation differences	-	-22	-20	-	-42	-
Book value 31.12	**825**	**4 854**	**1 828**	**5 272**	**12 778**	**6 167**
Depreciation for the year	**-**	**-136**	**-388**	**-286**	**-810**	**-245**
Depreciation ratio	0%	5%	25%	5%		
Depreciation method		straight line	straight line	straight line		

Equipment, vehicles, inventories	Equipment	Financial leasing, carried on balance sheet	2008 total	2007 total
Acquisition cost 01.01.	35 049	7 615	42 664	33 568
Acquired	9 186	2 000	11 186	9 567
Disposed of	-4 279	-	-4 279	-530
Acquired through mergers	7 498	-	7 498	-
Translation differences	77	-	77	59
Acquisition cost 31.12	**47 531**	**9 615**	**57 146**	**42 664**
Accumulated depreciation as at 01.01	-17 612	-6 064	-23 676	-19 912
Accumulated depreciation as at 31.12	-18 535	-6 690	-25 225	-23 677
Book value 31.12	**28 996**	**2 925**	**31 921**	**18 988**
Depreciation for the year	**-5 202**	**-626**	**-5 828**	**-3 765**
Depreciation ratio	10-33%	10-33%		
Depreciation method	straight line	straight line		

Financial leasing relates to production equipment for PSI Production and ICT/IT equipment and software for PSI Systems.

Some equipment has been fully depreciated as of 31 December but is still in use.
PSI has no contractual purchasing obligations.

PSI Production purchased a new production and warehouse facility in December 2005. The building has been refurbished and was put into use in 2007 July and has therefore been depreciated as of that date.

note 11 // intangible assets

Other intangible assets	CashGuard Sverige AB			SQS AB			Cash-Guard GmbH	PSI Systems AS		2008	2007
	Own technol-ogy	Brand	Cus-tomers	Own tech-nology	Brand	Customers	Other	Syste-media	Other		
Acquired	3 226			1 653			118	-	113	5 111	122
Acquired through mergers and other acquisitions	62 517	21 502	4 555	61 553	14 851	22 789	49	1 742	-	189 559	-
Disposed of	-	-	-	-	-	-	-	-	-	-	-
Acquisition cost as at 31.12	**65 744**	**21 502**	**4 555**	**63 207**	**14 851**	**22 789**	**168**	**1 742**	**113**	**194 670**	**122**
Accumulated write-downs and depreciation as at 1.1.	-	-	-	-	-	-	-	-	-25	(25)	-
Accumulated write-downs and depreciation as at 31.12.	-2 254	-	-4 258	-4 333	-	-6 355	-10	-581	-18	(17 809)	(25)
Translation differences	-99	-	22	-8		620	-	-	-	535	-
Total value 31.12	**63 391**	**21 502**	**319**	**58 866**	**14 851**	**17 054**	**158**	**1 161**	**70**	**177 371**	**97**
Depreciation for the year	-2 254	-	-4 258	-4 333	-	-6 355	-10	-581	-18	(17 784)	(25)
Depreciation schedule	10-15 years	Impair-ment test	1-7 years	10 years	Impair-ment test	4-7 years	3 years	3 years	3 years		3 years
Depreciation ratio	7-10%	0%	14-100%	10%	0%	14-25%	33%	33%	33%		33%

Intangible assets relate to product development at SQS and CashGuard as well as intangible assets identified in relation to the merger between CashGuard and PSI. Note 4 describes the merger.

Goodwill	Other goodwill	Acquisi-tion of INIT Rekvisita AS	Acquisi-tion of PSI Media Sol. AS	Acquisi-tion of PSI Antonson AB	Merger with Cash-Guard, allocated to CG Sverige AB	Merger with Cash-Guard AB, allocated to SQS	Acquisi-tion of System-edia	Total 2008	Total 2007
Acquired	-	-	-	-	77 326	234 019	6 433	-	-
Disposed of	-	-	-	-	-	-	-	-	-
Acquisition cost as at 31.12.2008	**300**	**1 279**	**8 263**	**2 612**	**77 326**	**234 019**	**6 433**	**330 233**	**12 445**
Translation differences	-	-	-	-	3 801	12 568	-	16 369	-
Accumulated write-downs and depreciation as at 1.1.2008	-	-	-	-	-	-	-	-	-
Accumulated write-downs and depreciation as at 31.12.2008	-	-	-	-	-	-	-	-	-
Total value 31.12.2008	**300**	**1 279**	**8 263**	**2 612**	**81 127**	**246 587**	**6 433**	**346 602**	**12 445**
Depreciation for the year	-	-	-	-	-	-	-		
Depreciation schedule	Impair-ment test	Impair-ment test	Impair-ment test	Impair-ment test	Impair-ment test	Impair-ment test	Impair-ment test		
Depreciation ratio	0%	0%	0%	0%	0%	0%	0%		

Goodwill is not depreciated. Impairment tests are carried out every year, however. Impairment tests have been carried out for the following cash flow-generating entities with significant goodwill items stated on the balance sheet:

Name	Total goodwill
PSI Systems AS (formerly Init Rekvisita AS)	1 279
PSI Systems AS (formerly Systemedia)	6 433
Acquisition of PSI Antonson AB	2 612
Acquisition of PSI Media Solutions AS	8 263
Cash Management Retail (CashGuard)	81 127
Cash Management CIT/ATM (SQS)	246 587
Other goodwill	300
Total goodwill	**346 602**

Impairment test

Impairment tests are carried out in order to assess the prospects of each cash flow-generating entity based on value in use. Value in use is then measured against net book value for the cash flow-generating entity. For goodwill relating to SQS and CashGuard a cash flow-generating entity is defined as an operating segment. For other goodwill items the definition of a legal entity has been applied. Other goodwill items belong to the operating segment Retail Solutions. By analysing the product portfolio and market position a conclusion has been reached on expected growth for the entities. Next, the current value of future cash flows has been estimated to determine whether the goodwill item is justifiable or not. The budget/prognosis period is five years, after which the terminal value is estimated

Impairment test - Cash Management Retail (CashGuard)

Expected cash flow is determined by applying 15% annual growth in turnover to the budget for the coming five years, then applying a terminal value with growth in net cash flow equivalent to expected inflation of 2.5% per annum. The expected gross margin in % remains constant throughout the period and is equivalent to the achieved margin in the ownership period in 2008. 5% annual growth is applied for payroll costs and other operating expenses. Circumstances suggest a slightly rising EBITDA margin in the prognosis period, and for 2013 a margin just above 20% is expected. No change in working capital is expected, and SEK 4 million has been applied as expected significant investment in the period. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 9.09% after tax.
Significant assumptions are linked to turnover growth, achieved EBITDA margin and discount rate. A sensitivity analysis shows that if turnover growth is reduced to 10% and other assumptions remain unchanged the calculated value is still greater than the book value. Similarly, a reduction of the EBITDA margin to 15% and an increase in WACC to 11% after tax are also achieved.

Impairment test - Cash Management CIT/ATM (SQS)

Expected cash flow is determined by applying 15% annual growth in turnover to the budget for the coming five years, then applying a terminal value with growth in net cash flow equivalent to expected inflation of 2.5% per annum. The expected gross margin in % remains constant throughout the period and is equivalent to the achieved margin in the ownership period in 2008. 5% annual growth is applied for payroll costs and other operating expenses. Circumstances suggest a slightly rising EBITDA margin in the prognosis period, and for 2013 a margin of around 29% is expected. No change in working capital is expected, and SEK 4 million has been applied as expected significant investment in the period. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 9.09% after tax.
Significant assumptions are linked to turnover growth, achieved EBITDA margin and discount rate. A sensitivity analysis shows that if turnover growth is reduced to 10% and other assumptions remain unchanged the calculated value is still greater than the book value. This is also the case if the EBITDA margin is reduced to 20% and the WACC after tax is increased to 11%.

Impairment test - Retail Solutions

PSI Systems AS:

The items include goodwill from the acquisitions of Init Rekvisita AS and Systemedia, which form the bulk of PSI Systems AS' accessories division. Cash flow is determined by applying 5% turnover growth per annum in the budget for the coming five years, with no terminal value applied at the end of the fifth year. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 9.09% after tax. A sensitivity analysis shows that the calculated value of the most significant items remains greater than the book value in the case of a reduction in free cash flow of 20% or an increase in the weighted cost of capital of 2%.

PSI Antonson AB:

The items include goodwill from the acquisition of PSI Antonson AB, which makes up the division's Swedish activities. Cash flow is determined by applying 5% turnover growth per annum in the budget for the coming five years, with no terminal value applied at the end of the fifth year. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 9.09% after tax. A sensitivity analysis shows that the calculated value of the most significant items remains greater than the book value in the case of a reduction in free cash flow of 20% or an increase in the weighted cost of capital of 2%.

PSI Media Solutions AS:

The items include goodwill from the acquisition of PSI Media Solutions AS, which makes up the division's digital signage activities. Cash flow is determined by applying 20% turnover growth per annum in the budget for the coming five years, with no terminal value applied at the end of the fifth year. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 9.09% after tax. A sensitivity analysis shows that the calculated value of the most significant items remains greater than the book value in the case of a reduction in free cash flow of 20% or an increase in the weighted cost of capital of 2%.

note 12 // Stock

Stock	**2008**	**2007**
Raw materials	41 872	4 537
Work in progress	1 251	180
Finished products	62 365	43 816
Provision for obsolete stock	(7 086)	(4 059)
Total	**98 402**	**44 473**

The respective companies' stock is valued at fair value or acquisition cost, whichever is lower. Reported provision for obsolete stock is KNOK 7,086 compared with KNOK 4,059 in 2007.

The stock is used as security for loans, see 15.

Provision for obsolete stock	**2008**	**2007**
Provision for obsolete stock, opening balance	(4 059)	(8 084)
Acquired through mergers	(3 098)	-
Taken to income/charged to expense (-) change in provision	71	4 025
Provision for obsolete stock, closing balance	**(7 086)**	**(4 059)**

note 13 // trade receivables

Receivables	2008	2007
Trade receivables	115 862	73 647
Prepaid costs	6 607	5 688
Other receivables	9 849	15 512
Total receivables	**132 319**	**94 847**

Other receivables include NOK 1.6 million in expected Skattefunn refunds for development costs in 2008 compared with NOK 0.8 million in 2007.

Changes in provisions for bad debts	2008	2007
1-Jan	437	2 051
Acquired through mergers	2 662	
Actual losses	(705)	(436)
Changes in provisions for bad debts	(372)	(1 178)
31-Dec	**2 021**	**437**

Provisions for bad debts in 2008 totalled KNOK 2,021 compared with KNOK 437 in 2007.

The increase in provisions for bad debts is largely due to the merger with CashGuard AB. No significant provisions have been made for individually identified customers.

Losses on bad debts are classed as Other operating expenses in the income statement.

Ageing of trade receivables		2008	2007
Not due		73 714	49 157
0-6 months		42 136	19 431
6-12 months		12	5 059
Total	**31 Dec**	**115 862**	**73 647**

note 14 // cash and cash equivalents

	2008	2007
Bank deposits and cash in hand	21 018	4 013
Cash and cash equivalents on balance sheet	**21 018**	**4 013**
Overdraft	100 727	13 580
Cash and cash equivalents in cash flow analysis	21 018	4 013

The group had liquid assets (bank deposits and unused overdraft facilities) of NOK 40.3 million as at 31.12.2008 (2007: NOK 42.4 million).
KNOK 961 are restricted funds.

note 15 // interest-bearing debts and secured debts

Debts as at 31.12.2008 and borrowing terms. Figures in 1,000 NOK

Lender	2008	2007	Borrowing terms	Average nominal interest for 2008
Multi-currency, group credit account[1]	100 727	13 579	Overdraft limit NOK 120 million, not time-restricted	6,58%
Overdraft facility, Financial instruments (PSI Group)	10 582		Overdraft facility, financial instruments, due 11.5.2009	N/A
Financial leasing, printing presses (PSI Prod.)	2 725	3 655	Quarterly repayments, last payment 31.01.2012	5,92%
Financial leasing, IT equipment (PSI Systems)	1 644	0	Quarterly repayments, last payment 30.08.2011	11,72%
Repayment loan, business[1], Euro (CG)	3 611	0	Quarterly repayments, last payment 21.08.2018	5,05%
Repayment loan, business[1], SEK (SQS)	19 485	0	Quarterly repayments, last payment 21.08.2015	5,29%
Repayment loan, business[1] (PSI Systems)	5 280	7 680	Quarterly repayments, last payment 31.10.2011	7,36%
Repayment loan, business[1] (PSI Group)	1 200	1 800	Quarterly term loan, last payment 31.12.2010	7,36%
Repayment loan, business[1] (PSI Group)	69 204	83 062	Quarterly term loan, last payment 05.12.2013	7,36%
Repayment loan, business[1] (PSI Systems)	4 422	1 733	Quarterly term loan, last payment 02.09.2027	7,36%
Long-term debts[1] (PSI Antonson)	5 256	6 909	Quarterly terms, last payment 28.2.2016	5,64%
Long-term debts[1] SEK 18,000,000 (PSI Antonson)	16 276	15 219	No repayments, due 30.12.2011	5,53%
	240 411	**133 637**		

[1] The bank has placed restrictions on the loan agreement in relation to the ratio between NIBD/EBITDA.
All loans are secured, except a long-term loan of SEK 18 million to PSI Antonson.

Distribution of long-term and short-term interest-bearing debts:

NOK Thousands	2008	2007
Due within one year:	29 426	19 752
Overdraft:	100 727	13 579
Due after one year:	110 258	100 306
Total interest-bearing debt	**240 411**	**133 637**

Security as at 31.12.2008 and book value:

NOK thousands

Asset	Book value	Nominal security
Shares in PSI Media Solutions AS	9 315	500
Operating equipment, trade receivables and stock for PSI Systems AS	59 528	145 000
Lien over Företagshypotek SQS Security Qube Systems AB *		37 072
Lien over Företagshypotek CashGuard Sverige AB *		32 551
Lien over Företagshypotek PSI Antonson AS *		44 487

* Företagshypotek is equivalent to a priority lien over the company's assets

note 16 // hire and leasing commitments

Operational hire agreements

PSI Group ASA
Tenancy agreement for the company's premises at Slynga 10 in Rælingen running until October 2015. Total annual rent is NOK 3,074,000 in 2008 (NOK 2,953,000 in 2007).

The rent may be index-linked in accordance with the tenancy agreement. The agreement runs until 2015.

PSI sublets parts of the premises and has a contract with the sub-tenant until 31.01.2012. The annual rent is approx. NOK 870,000, including service charges.

SQS Security Qube System AB
Operational leasing of company cars. The annual liability is approx. NOK 908,000. Approx. NOK 534,000 has been charged to the PSI accounts since the merger.

PSI System AS
Leasing contract on vehicles with ALD Automarive and Skandiabanken Bil-Finans. The annual liability is approx. NOK 1,100,000.

Leasing contracts on various PCs/servers and office equipment. The annual liability is approx. NOK 350,000.

The leasing contracts are deemed to be of an operational nature.

PSI Antonson AB
Leasing contract on vehicles running until 31.12.2011. The annual liability is SEK 2,085,000.

Tenancy agreement on the company's premises in Mölndal, Gothenburg running until 31 December 2011. Total annual rent is SEK 4,325,000.

Tenancy agreements on other premises including a warehouse in Grums, running for 1 to 3 years. Total annual rent is SEK 1,929,000

Future minimum rent/hire for the contracts as at 31.12.2008 is as follows:

	2008	2007
Within one year	20 420	14 743
After one year, but within five years	52 440	39 184
After more than five years	19 673	-

Financial leasing agreements

PSI System AS
Leasing agreement on internal IT equipment and software with PSI Finance AS running until 30.08.2011. The annual liability is approx. NOK 754,000.

The leasing agreement is deemed to be of a financial nature.

PSI Production AS
Leasing agreement on internal printing presses and production equipment with PSI Finance AS running until 31.1.2012. The annual liability is approx. NOK 1,219,000

The leasing agreement is deemed to be of a financial nature.

Future minimum hire for the contracts as at 31.12.2008 is as follows:

	2008	2007
Within one year	1 973	1 219
After one year, but within five years	3 796	3 758
After more than five years	-	-

note 17 // financial instruments

Financial risks
PSI Group ASA's activities expose the group to exchange rate and interest rate risks.

IFRS also defines receivables and liabilities as financial instruments

(i) Credit risks
The group is not facing any particular credit risk in relation to a specific party or parties that can be considered as a group due to similarities in the credit risk.

The group has guidelines in place to ensure that sales are only made to customers that have not experienced significant problems with making payments in the past and that monies due do not exceed the set credit limits.

The group has not provided guarantees for debts incurred by third parties.

The group considers its maximum risk exposure to be the balance sheet value of its customer receivables (See Note 13).

As at 31.12.2008 the group had NOK 115,490,000 outstanding from trade receivables. Of these, NOK 41,776,000 were overdue. This relatively high number is largely due to customers paying on the due date but items only being recognised by the recipient a few days later. Historically speaking the group has incurred very few losses on trade receivables because the bulk of sales of solutions is done through leasing companies and because the after-sales market is characterised by a large number of repeat purchases. However, the risk has increased somewhat after SQS and CashGuard were incorporated into the group, because these divisions are selling larger orders on credit. SQS customers are mostly large customers (banks, transport and security companies) where the risk of losses is considered to be low. A large part of their sales are also done through leasing companies.

(ii) Interest rate risks
The group's interest-bearing debts are subject to variable interest.

The average effective rate of interest on financial instruments was as follows:

	2008 (%)	2007 (%)
Overdraft	6,58%	6,00%
Loans secured with a lien	6,37%	5,90%
Financial hire agreements	7,08%	7,15%

Based on the financial instruments in existence as at 31 December 2008 a general increase in interest rates of 1% would reduce pre-tax profits by NOK 2,614,000 and equity capital by NOK 1,882,000.

See Note 15 for information about long-term loans and Note 16 for information about liabilities in relation to financial leasing agreements.

(iii) Liquidity risks
It is the group's strategy to have sufficient cash, cash equivalents or credit facilities available at any time to be able to finance operations and investments for the next three years.

Unused credit facilities are described in Note 14.

Overview of maturity structures of financial liabilities:

	Balance sheet amount	0-5 months	6-12 months	1-2 years	2-3 years	More than 3 years	Not defined
Secured loans	135 315	20 786	10 159	20 318	19 718	64 333	-
Secured loans, interest	IA	3 950	3 460	5 957	4 691	IA	-
Overdraft	100 727	-	-	-	-	-	100 727
Overdraft, interest	IA	6 630	6 630	6 630	6 630	IA	-
Financial leasing	4 369	930	904	1 728	1 211	-	-
Operational leasing	IA	2 070	2 070	3 199	2 410	61	-
Other long-term debts	7 234	0	1566	1386	1227	3055	-
Supplier debts	80 916	80 916	-	-	-	-	-
Government charges	15 263	15 263	-	-	-	-	-
Net liabilities financial instruments	**343 824**	**130 546**	**24 790**	**39 219**	**35 886**	**67 449**	**100 727**

The agreed financial liabilities will be financed using operating income.

(iv) Currency risks

The group is exposed to changes in the exchange rate of goods purchased in foreign currencies, primarily SEK, USD, EUR and GBP. Forward contracts are normally not used to protect against such exposure. However, for larger orders an agreement is usually reached with the customer whereby changes in exchange rates above a given threshold are compensated for in the sale price. The operating profits of the individual companies are therefore not very sensitive to changes in exchange rates. CashGuard Sverige AB has a long-term loan in Euros which is adjusted for changes in exchange rates against the profit at the end of each period.

No protection is in place for currency risks relating to net investments in subsidiaries overseas. Net investment in overseas subsidiaries also includes long-term loans where repayment has not been agreed or is unlikely. The consolidated profit and balance are therefore affected by changes in SEK.

A change of 1% in the average exchange rate in 2008 would have affected consolidated profits to the value of NOK 209,000.

(v) Financial investments

The group has financial investments in a listed company exposed to changes in the share price. This relates to 1,240,000 shares in Repant ASA at a value of NOK 707,000 as reported on 31.12.2008. Changes in the share price of this item will affect the consolidated profit and balance. The group also holds smaller financial investments in other companies where listed share prices are not available.

(vi) Price fluctuations

The group is not affected by changes in the price of raw materials to any significant extent because it predominantly sells technology, servicing, services and labels, the main cost element of which is labour and/or capital investment.

(vii) Capital management

The board aims to maintain a strong capital base in order to retain the trust of shareholders, creditors and the market in order to continually develop the enterprise. This tied-up capital is monitored by the board with focus on stock, trade receivables, financing solutions and supplier debts. The board wishhes to maintain a balance between higher returns - facilitated by higher levels borrowing - and the benefits and security offered by having a solid level of equity capital. The Group trades in own shares, and own shares have mostly been cancelled for benefit of shareholders. The share price affects the timing of the purchase of these shares. Decisions on the purchase and sale are made by the board. The Group has no defined plan for the purchase of own shares. There have been no changes in the policy on capital management during the year.

(viii) Determining fair value

	2008		2007	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Financial assets				
Cash	21 018	21 018	4 013	4 013
Trade receivable	115 862	115 862	73 647	73 647
Available-for-sale investments	1 224	1 224	6 481	6 481
Financial debts				
Overdraft	-100 727	-100 727	-13 579	-13 579
Supplier debts	-80 916	-80 916	-41 046	-41 046
Interest-bearing debts				
Bank loans	-135 316	-135 316	-116 403	-116 403
Financial leasing liabilities	-4 369	-4 369	-3 655	-3 655

The fair value of financial assets classed as “available for sale” is determined with reference to the market price on the balance sheet date in the case of listed entities. For other items the cost price or recognised book value is used as an estimate of fair value. See Note 7.

The balance sheet value of cash and cash equivalents and overdrafts is approximate to the fair value as these instruments have a short expiry period. Similarly, the balance sheet value of trade receivables and supplier debts is approximate to the fair value as they are agreed on “ordinary” terms.

The book value is considered an estimate of fair value in the case of long-term debts because long-term debts are based on variable interest with repricing intervals of three months and because the terms were set in the last six months of 2008.

note 18 // transactions with related parties

Transactions with board directors

In 2008 the company purchased consultancy services from Capnova AS for NOK 480,000. The corresponding figure for 2007 was NOK 535,000. NOK 25,000 was owed to Capnova AS as at 31.12.2008. The company is controlled by chairman of the board Leif Flemming Bakke.

In 2008 the company purchased consultancy services from Diamond Holding AS for NOK 195,000. There were no monies due to Probitas Holding AS as at 31.12.2008. In 2008 the company purchased consultancy services from Probitas Holding AS for NOK 490,000. The companies are controlled by board director Erik Pinnås.

The above is not included in the directors' remuneration detailed in Note 9.

The parent company PSI Group ASA has entered into a 10-year tenancy agreement for the premises at Slynga 10 with Pinnås Eiendom AS. Board director Erik Pinnås owns 100% of the shares in Pinnås Eiendom AS. The agreement expires in 2015.

Transactions with associate companies

The group has carried out a number of transactions with associate companies. All transactions were carried out as part of its ordinary activities and at arm's length prices. Sales to and purchases from associate companies are as follows:

	2008		2007	
	Sale	Purchase	Sale	Purchase
InStore It Sør AS	1 261	5 086	826	4 618
InStore It Vest AS	2 420	4 814	2 235	4 063
Instore It Innland AS	315	2 397	672	2 818
ProData AS 1)	335	1 709	277	1 139
PSI Finance 2)	18 118	-	-	-
CashGuard AB 3)	10 090	49 746	3 912	134 383
Total	**32 538**	**63 752**	**7 922**	**147 022**

1) ProData is not an associate company as we only hold an 18% stake.
2) PSI Finance is an associate company as of 01.01.2008, see Note 6.
3) The amount only refers to the period when CashGuard AB was classed as an associate company - from 01.01.2008 to the merger with PSI 10.06.2008, see Note 6.

The balance includes the following sums resulting from transactions with associate companies:

	2008	2007
Trade receivables	4 835	1 985
Other receivables	-	6 000
Trade creditors	(2 612)	(8 239)
Net	**2 223**	**(254)**

note 19 // post-balance sheet events

There are no material post-balance sheet events.

note 20 // overview of subsidiaries

The following subsidiaries are included in the consolidated accounts:

Company	Address	Main area of business	Share of votes	Stake
Nordic Retail Technology Group AB	Stockholm (Sweden)	No activity	100 %	100 %
Retail Technology Group ApS	Copenhagen (Denmark)	No activity	100 %	100 %
PSI System AS	Rælingen	Service and product provider	100 %	100 %
PSI Production AS	Tangen	Printers	100 %	100 %
PSI System AB	Örebro (Sweden)	No activity	100 %	100 %
PSI Antonson AB	Gothenburg (Sverige)	Service and product provider	100 %	100 %
PSI Media Solutions AS	Rælingen	Service and product provider	100 %	100 %
Instore IT Midt-Norge AS	Trondheim	Service and product provider	80 %	80 %
CashGuard Sverige AB	Täby (Sweden)	Hardware and software	100 %	100 %
SQS Security Qube Systems AB *	Skellefteå (Sweden)	Production and sales	100 %	100 %
CashGuard GmbH	Berlin (Germany)	Sales	100 %	100 %
CashGuard SAS	Paris (France)	Sales	100 %	100 %

* SQS once again owns 100% of its sales companies in Norway, the UK, France, Belgium and Germany as well as 100% of Friström Innovation AB, which supplies explosive elements to the production in Skellefteå.

Following changes in the shareholder agreement, PSI Finance is no longer defined as a sales financing company with the sole purpose of providing financing schemes linked to PSI products. PSI Finance is therefore no longer consolidated based on the rules contained in SIC-12 concerning entities with a special purpose. As of 1 January 2008 it is treated as an associate company.

On 23 April 2008 PSI signed a contract for the purchase of 80 % of Nor System Partner AS (now Instore IT Midt-Norge AS) with effect from 1 May 2008. Nor System Partner AS is included in the consolidated accounts from 1 May 2008. The purchase strenghtened PSI`s service organisation in central Norway.

On 10 June 2008 the respective general meetings of PSI Group ASA and CashGuard AB approved the merger between the two groups. The merger gave PSI control of the subsidiaries SQS Security Qube System AB, CashGuard Sverige AB, CashGuard GmbH and CashGuard SAS. CashGuard AB and its subsidiaries are included in the consolidated financial statements from 10 June 2008.

note 21 // exchange rates

	2008					2007	
	Average exchange rate Q1	**Average exchange rate Q2**	**Average exchange rate Q3**	**Average exchange rate Q4**	**Exchange rate 31.12**	**Average exchange rate**	**Exchange rate 31.12**
SEK	0,846	0,849	0,851	0,873	0,904	0,867	0,846
Euro			8,060	8,919	9,865		

Profit or loss items in the overseas subsidiaries are converted to NOK quarterly, based on the average exchange rate in that quarter.

Balance sheet items for the overseas subsidiaries are converted to NOK, based on the exchange rate on 31.12.2008

note 22 // provisions

Long-term provisions	**Royalty commitments**
Balance 1 January 2008	**-**
Provisions 2008	-
Acquired through mergers	36 982
Commitments settled in 2008	(12 450)
Provisions reversed in 2008	(15 825)
Provisions used in 2008	-
Balance 31 December 2008	**8 707**

Royalty agreement
One of the groups subsidiaries has a limited royalty obligation until 2019. The net present value of the royalty obligation is estimated to a maximum of NOK 8,7 million, which is reserved as long term debt in the balance sheet.

Commitments settled in 2008 refer to the acquisition of Friström Innovation AB, see Note 4.

Short-term provisions	**Warranty provisions**
Provisions as at 1 January 2008	-
Acquired through mergers	13 312
Provisions in 2008	1 915
Provisions reversed in2008	(780)
Provisions used in 2008	(3 420)
Balance 31 December 2008	**11 027**

note 23 // earnings per share

The group's time-weighted earnings per share	2008		2007	
Profit for year	13 203		35 671	
--	------------ =	0,75	------------ =	2,80
Time-weighted average of outstanding ordinary shares	17 616		12 733	

Number of outstanding shares	2008
01.01: Number of shares (after deductions for 26,6 thousand own shares)	12 017
Number of own shares purchased during the year	(1 171)
Compensatory shares issued to CashGuard shareholders in relation to merger	10 144
31.12: Number of shares (after deductions for 1,197,9 thousand own shares)	**20 990**

note 24 // distribution of revenue

PSI Group ASA sells both goods and services to its customers. The distribution between these two sources of income is as follows:

NOK Thousands	2008	2007
Goods	442 995	398 393
Services	107 909	62 790
Total sales revenue	**550 904**	**461 183**

note 25 // shareholder information

Overview of shareholders as at 31.12.2008

No.	Name	Number of shares	Stake
1	PINNÅS, ERIK (including wholly owned companies) [1]	2 961 276	13,3 %
2	SKAGEN VEKST, SKAGEN VEKST II AND SKAGEN VEKST III	1 367 086	6,2 %
3	DYVI CAPITAL AS	1 183 024	5,3 %
4	PSI GROUP ASA (own shares)	1 197 927	5,4 %
5	BAKKE, LEIF FLEMMING (including wholly owned companies) [2]	800 000	3,6 %
6	AWAKE SWEDISH EQUITY FUND	768 000	3,5 %
7	BARCLAYS CAP SEC CAYMAN CLIENT	610 000	2,7 %
8	DETALJHANDELSEKONOMI I ENKÖPING AB	453 920	2,0 %
9	BARCLAYS CAPITAL SECURITIES LTD	410 000	1,8 %
10	RING, JAN	355 410	1,6 %
11	CHRISTIANIA SECURITIES ASA	253 820	1,1 %
12	WAALER, JØRGEN (including wholly owned companies) [3]	250 000	1,1 %
13	LÖFMAN, MICHAEL	235 952	1,1 %
14	GRESSLIEN, ODD ROAR	230 000	1,0 %
15	V. EIENDOM AS	211 400	1,0 %
16	SWEDBANK LUXEMBOURG S.A.	193 192	0,9 %
17	NORDNET PENSIONSFÖRSÄKRING AB	179 216	0,8 %
18	UNIONEN	177 306	0,8 %
19	NISTAD GRUPPEN AS	173 300	0,8 %
20	UBS AG LND IPB SEGREGATED CLIENT A	150 164	0,7 %
Sum 20 largest shareholders		**12 160 993**	**54,8 %**
Sum 9,232 other shareholders		10 027 027	45,2 %
Sum all 9,252 shareholders		**22 188 020**	**100,0 %**

¹) Controlled by board director Erik Pinnås personally: 52,000 shares. Through wholly owned companies: Pinnås Eiendom 1,860,000 shares, Diamond Holding AS 819,276 shares, Probitas Holding AS 230,000 shares.
²) Controlled by chairman Leif-Flemming Bakke through wholly owned companies: Novestra AS 446,776 shares, Capnova AS 353,224 shares.
3) Controlled by CEO Jørgen Waaler personally: 210,000 shares. Through wholly owned company: Waaler AS 40,000 shares.

As at 31.12.2008 PSI Group ASA had a share capital of NOK 13,756,572 spread over 22,188,020 shares with a nominal value of NOK 0.62. As at 31.12.2008 PSI Group had no outstanding options.

Changes in share capital and share premium:

		Number of shares		Share capital		Share premium	
		2008	2007	2008	2007	2008	2007
Ordinary shares	01 Jan	12 017	13 382	7 467	8 297	6 057	6 057
Change in capital through mergers		10 144		6 289		277 924	
Transaction costs in relation to mergers						-1 475	
Tax effect of transaction costs						413	
Purchase of own shares		-1 171	-27				
Cancellation of own shares			-1 338		-830		
31.12.		**20 990**	**12 017**	**13 757**	**7 467**	**282 919**	**6 057**

Own shares:

	2008	2007
01-jan	27	1 290
Purchase of own shares	1 171	78
Cancellation of own shares	-	(1 338)
Payments on redemption of employee options	-	(3)
31-des	**1 198**	**27**
Nominal value	0,62	0,62
Own shares specified in equity capital	743	17

As at 31.12.2008 the group owned 1,197,927 treasury shares. The cost price of these was NOK 11,799,000, giving an average share price of NOK 9.85.

No dividends were paid in 2008, and dividend payments have not been proposed for 2009.

note 26 // estimation uncertainties

When preparing the annual accounts in accordance with IFRS the company management has used estimates based on best judgement and assumptions that are considered to be realistic. Situations or changes in market conditions may occur that may lead to estimates being adjusted, thus affecting the company's assets, debts, equity and profit.

The company's most significant accounting estimates are linked to the following items:

- Fair value allocation of assets and liabilities in relation to mergers, including depreciation of intangible assets.
- Impairment assessment of goodwill
- Recognition of deferred tax on balance sheet
- Obsolete stock and warranty provisions

PSI must allocate the cost price of acquired entities to acquired assets and transferred debts based on estimated fair value. PSI has consulted independent value assessment experts for assistance in determining the fair value of acquired assets and transferred debts. The value assessments require the management to exercise substantial judgement in relation to the choice of methods, estimates and assumptions. Significant intangible assets that PSI has factored in include customer contracts, customer base, brands, own technology and commitments in relation to any royalty agreements entered into. Assumptions taken into account when assessing intangible assets include, but are not limited to, the estimated average duration of the customer relationship based on loss of customers, estimated potential royalty rates when valuing brands and technology, as well as expected technological and market development. Assumptions taken into account when valuing assets include, but are not limited to, the replacement cost of fixed assets and fair value. The management's estimates of fair value are based on assumptions that are considered to be reasonable, but that are inherently uncertain. As a result the actual results may differ from the estimates. The complete allocations are detailed in Note 4. Depreciation periods and amounts are given in Note 11.

Goodwill and brands as stated on the balance sheet are evaluated for depreciation annually. The valuation is based on value in use when discounting expected future cash flows. The valuation is carried out with starting points in next year's budget and in a forecast for the next four years. Next, a terminal value is calculated based on 2.5% growth in net cash flow. The most sensitive assumption used in the estimates is that of future turnover growth, but EBITDA and discount rate are also important. The assumptions and sensitivity analysis are detailed in Note 11.

The company recognises deferred tax assets on the balance sheet. At the end of 2008 deferred tax assets of NOK 42.2 million have been recognised, relating to losses to be carried forward. The majority of the losses are related to the Swedish subsidiary SQS AB. When assessing the recognition of deferred tax assets on the balance sheet, the reversal of deferred tax liabilities has been taken into account, as has their utilisation in relation to future profit and the utilisation of tax planning opportunities. Further details are provided in Note 27.

The management has used estimates and assessments when making provisions for obsolete stock and future warranty costs. The provisions have been made with basis in a historical assessment of provision requirements, past figures for returns and under-warranty repairs and the age distribution of stock. Further details are provided in Note 12 for stock and Note 22 for warranty provisions.

note 27 // taxation

Tax expense:

	2008	2007
Tax payable	2 446	0
Deferred tax not previously recognised on balance sheet	-4 033	0
Amended tax rates in Sweden	2 300	0
Tax items relating to previous years	0	0
Change in deferred tax	11 321	11 749
Tax expense	**12 034**	**11 749**
Included as tax expense in the financial statements	**12 034**	**11 749**
Reconciliation of the nominal and effective tax rates	28%	28%

	2008	2007
Pre-tax profit (incl. disposed business)	**25 236**	**47 419**
Tax calculated at a rate of 28%	7 066	13 277
Effect of overpayment/underpayment last year	0	0
Tax relating to Sweden at a rate of 26.3%	2 300	0
Non-taxable items (28% of permanent differences)	6 786	-1 120
Effect of reversal of depreciation of deferred tax	-4 033	0
Miscellaneous	-85	-408
Tax expense	**12 034**	**11 749**

Deferred tax and deferred tax assets:

	Consolidated balance sheet		Consolidated income statement	
	2008	2007	2008	2007
Deferred tax assets				
Current assets	915	1 090	325	864
Debts	3 513	1 023	7 863	257
Deficit to be carried forward	42 171	10 236	850	12 214
Deferred tax assets - gross	**46 599**	**12 349**	**9 038**	**13 335**
Deferred tax liabilities				
Fixed assets	8 293	5 534	1 750	1 586
Net recognised deferred tax assets	38 306	6 815	7 288	11 749

The group has total losses of NOK 22 million to be carried forward as at 31 December 2008 in relation to its Norwegian entities. A deferred tax asset of NOK 6.1 million in this respect has been included in the balance sheet as at 31.12.2008. There is no expiry date by which the losses must be utilised. This year's reduction in the losses totals NOK 17 million, and the group is expecting to be able to utilise the remaining losses in the next two years.

The group has total losses of SEK 139 million to be carried forward as at 31 December 2008 in relation to its Swedish subsidiary SQS AB. A deferred tax asset of SEK 36 million in this respect is included in the balance sheet as at 31.12.2008. SQS AB was acquired by the group in connection with the merger with CashGuard. The deferred tax asset at the time of the merger was SEK 41 million, and the deferred tax asset has thus been reduced by SEK 5 million during the period of ownership in 2008.

Deferred tax liabilities relating to SQS and excess value from SQS total SEK 19 million as at 31.12.2008. The net residual value of the deferred tax asset is expected to be utilised by way of future profits.

The group also has around SEK 13 million in losses to be carried forward in relation to a Swedish subsidiary. There are certain restrictions on the utilisation of these deficits, and they may only be utilised from 2010. The item is recognised on the balance sheet and may be utilised against tax-increasing temporary differences in another Swedish subsidiary.

The group also has around NOK 8 million in losses to be carried forward in relation to other overseas entities. These are sales entities that are in their start-up phase, and no deferred tax asset has been recognised on the balance sheet in relation to these losses.

Deferred tax taken directly to equity is as follows:

	38306	6815
Share issue expenses	413	-

Change in net deferred tax assets is as follows:

	2008	2007
Deferred tax assets 1.1	6 815	19 811
Acquired through acquisitions	40 605	0
Change in deferred tax taken to income statement	-11 321	-11 749
Change in tax rate in Sweden	(2 300)	0
Tax items taken directly to equity capital	-	0
Exchange rate effects	474	-1 247
Balance sheet recognition of previously unrecognised deferred tax assets	4 033	
Deferred tax assets 31.12.2008	**38 306**	**6 815**

note 28 // other short-term debts

	2008	2007
Holiday pay owed	13 786	6 723
Costs incurred	27 143	7 788
Deferred income on balance sheet	36 784	31 985
Warranty provisions	11 027	0
Other short-term debts	6 203	3 130
Total other short-term debts	**94 942**	**49 626**

PSI Group ASA income statement

OPERATING INCOME AND EXPENSE	NOTE	2008	2007
Sales revenue	15		
Other operating income	3	6 200	3 960
Total operating income		**6 200**	**3 960**
Cost of goods sold			
Payroll	2	4 199	2 776
Depreciation	5	0	42
Other operating expenses	2	3 770	3 735
Total operating expenses		**7 969**	**6 552**
Operating profit		**-1 769**	**-2 592**
FINANCIAL INCOME AND FINANCIAL EXPENSES			
Interest income from group companies		5 134	0
Other interest income		398	610
Other financial income	6	12 877	16 642
Dividends and group relief from subsidiaries		17 481	43 680
Interest expense to group companies		-1 475	-1 080
Other interest expenses		-9 270	-4 802
Other financial expenses	6	-6 209	-8 996
Net financial result		**18 936**	**46 055**
Ordinary profit before tax		**17 167**	**43 463**
Tax on ordinary profit	13	4 672	10 223
Ordinary profit		**12 495**	**33 240**
PROFIT FOR YEAR		**12 495**	**33 240**
DISTRIBUTIONS			
Taken to other equity	8	12 495	33 240
Total distribution		**12 495**	**33 240**

PSI Group ASA balance sheet

	NOTE	2008	2007
ASSETS			
Investment in subsidiaries	11	298 797	60 633
Loans to group companies	10	164 260	0
Investment in associate companies	12	5 381	164 067
Other long-term investments	12	200	200
Deferred tax assets	13	5 038	9 297
Total fixed assets		**473 676**	**234 197**
Financial investments	12	707	4 695
Trade receivables		0	2 373
Intra-group receivables	10	17 329	5 393
Dividend / group relief entitlement	10	13 196	43 680
Prepaid costs		188	503
Other receivables		113	6 386
Bank deposits, cash etc.	14	4 563	404
Total current assets		**36 096**	**63 435**
TOTAL ASSETS		**509 772**	**297 632**
EQUITY AND DEBTS			
Share capital	7	13 757	7 467
Treasury shares	8	-743	-17
Share premium account	8	289 595	12 497
Paid-in other equity capital	8	1 890	1 890
Other equity capital	8	7 555	79 735
Total equity		**312 053**	**101 572**
Provisions for liabilities			
Debts to credit institutions	9	55 964	70 421
Debts to group companies	10	16 770	82 970
Total other long-term debt		**72 734**	**153 391**
Debt to credit institutions	9	122 391	39 493
Trade creditors		1 206	810
Indirect taxes owed		158	301
Other short-term debts	4	1 230	2 066
Total short-term debts		**124 985**	**42 670**
Total debt		**197 719**	**196 060**
TOTAL EQUITY AND DEBT		**509 772**	**297 632**

Rælingen, 17 April 2009

Leif Flemming Bakke
Chairman of the Board

Erik Pinnås
Director

Svein S Jacobsen
Director

Guri Kogstad
Director

Bente Holm Mejdell
Director

Jørgen Waaler
Group Chief Executive Officer

PSI Group ASA kontantstrømoppstilling

	2008	2007
CASH FLOWS FROM OPERATIONAL ACTIVITIES:		
Ordinary profit before tax	17 167	43 463
Realised losses financial instruments	4 562	2 905
Unrealised losses financial instruments	790	2 650
Realised profit financial instruments	-	-13 265
Unrealised profit financial instruments	-	-1 345
Ordinary depreciation	-	42
Change in trade receivables	2 373	-1 570
Change in trade creditors	396	309
Change in short-term group items and group relief recognised in income statement	-29 417	-49 063
Change in other accruals	5 609	-3 626
Net cash flows from operational activities	**1 480**	**-19 501**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments in relation to the purchase of shares and units	-21 111	-82 976
Paid in from sale of shares	660	2 239
Purchase of own shares	-11 190	-2 576
Net cash flows from investments activities	**-31 641**	**-83 313**
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in long-term debts	-14 456	30 498
Transaction costs taken to equity	-1 475	
Net change in long-term group items and claims for group relief	-32 648	56 076
Net change in overdraft	82 898	10 430
Net cash flow from financing activities	**34 319**	**97 004**
Net change in bank deposits, cash and similar	4 158	-5 809
Bank deposits, cash and similar as at 01.01.	404	6 213
Bank deposits, cash and similar as at 31.12	**4 563**	**404**

note 1 // accounting principles

The financial statements, which have been prepared by the company's board and management, should be interpreted in light of the directors' report. The financial statements comprise an income statement, balance sheet, cash flow statement and notes and are published in accordance with generally accepted accounting principles in Norway.

Principal rules for assessing and classifying assets and debts
Assets intended for permanent ownership or use are classed as fixed assets. Other assets are classed as current assets. Receivables due within one year are classed as current assets. Similar criteria are applied when classifying short-term and long-term debts.

Fixed assets are valued at their acquisition cost less any accumulated depreciation. If the fair value of a fixed asset is lower than the balance sheet value, and the fall in value is deemed not to be temporary, the asset is depreciated to its fair value. Fixed assets with a limited useful economic life are depreciated using the straight line method for the duration of their useful life.

Shares in other companies are recognised on the balance sheet using the cost method. Dividends and group relief from subsidiaries are recognised as income in the year that the sums are allocated as debts by the paying company. Dividends from other companies are recognised as income in the year the payment is made.

Fixed assets are recognised on the balance sheet and depreciated throughout their useful economic life if this is longer than 3 years. Maintenance of fixed assets is recorded as costs on a continuous basis, while enhancements and improvements are added to the cost price of the asset and depreciated over its remaining useful economic life.

Current assets are valued at either acquisition cost or fair value, whichever is lower.

Other long-term and short-term debts are valued at their nominal value.

Assets and debts in foreign currencies
Monetary items in foreign currencies are valued on the balance sheet using the exchange rate at the balance sheet date.

Intangible assets
Intangible assets purchased individually are recognised on the balance sheet at their acquisition cost. Intangible assets obtained through acquisitions are recognised on the balance sheet at their acquisition cost when the balance sheet criteria have been met.

Intangible assets with a limited financial useful life are depreciated according to a schedule. Intangible assets are depreciated to their fair value if the expected financial benefits do not cover the value recognised on the balance sheet and any remaining production costs.

Pensions
The company has a statutory obligatory company pension scheme for its employees. The company pension scheme meets the requirements laid down in the law.

Receivables
Trade receivables and other receivables are stated at their nominal value less provisions for expected losses. Provisions for losses are made based on an individual assessment of each receivable. For other receivables a general provision is made to cover any expected losses.

Bank deposits, cash etc.
Bank deposits, cash etc. include cash, bank deposits and other forms of payment that become due within three months of acquisition.

Taxation
Tax expenses are grouped with pre-tax profits for accounting purposes. Tax in relation to equity capital transactions is offset against equity capital. Tax expenses comprise tax payable (tax on the taxable income for the year) and changes in net deferred tax. Deferred tax is calculated at 28% based on temporary differences between the accounting value and tax value as well as tax-related losses to be carried forward at the end of the financial year. Tax increasing and decreasing differences are not offset but recognised on the balance sheet if it is likely that the company can utilise them and net recorded if appropriate. Deferred tax and deferred tax assets are stated at net value on the balance sheet.

note 2 // payroll expenses, number of employees, loans to employees etc.

Payroll expenses	2008	2007
Salaries	2 357	2 139
National insurance contributions	494	437
Pension costs	56	39
Other benefits	1 292	161
Total	**4 199**	**2 776**
Number of full-time equivalents employed during the year:	2	2
Number of employees at the end of the year:	2	2

Group management and director's remuneration etc.

	2008			2007		
	Director's fee	Bonus	Other remuneration	Director's fee	Bonus	Other remuneration
PSI Group ASA directors						
Leif Flemming Bakke, Chairman	150			150		
Bente Mejdell, Director	100			64		
Bente Sollid-Hansen, Director	44			64		
Patrick Sandal, Director	108					
Kjell Rusti, Director				36		
Erik Pinnås, Director	100			100		22
Total directors 1)	**502**			**414**		**22**

1) There are additional transactions with related parties as described in Note 18 to the consolidated financial statements.

	2008			2007		
	Salary	Bonus	Other remuneration	Salary	Bonus	Other remuneration
Group management						
Jørgen Waaler, CEO	1 103	392	6	957	30	10
Asgaut Moe, Finance Director (01.01. - 31.03.)				266		1
Anders Nilsen, Finance Director (10.04. - 31.12.)	723		6	462		3
Total group management	**1 826**	**392**	**12**	**1 685**	**30**	**14**
Total	**2 328**	**392**	**12**	**2 099**	**30**	**36**

Members of the management team have pension schemes in line with the statutory and obligatory company pension scheme. Contributions make up 2% of the employee's salary between 1G and 12G.

The CEO is entitled to a final compensation package comprising 6 months' salary after the end of the 6-month notice period if his employment were to be terminated as a result of a decision by the board. No loans have been given or security put up on behalf of members of the management team or board of directors.

The following members of the management team and board of directors own shares or share options in the company at the end of the year.

Name, position	Shares as at 31.12.08	Shares as at 31.12.07
Directors		
Leif Flemming Bakke, Chairman 2)	800 000	750 000
Erik Pinnås, Director 1)	2 961 276	2 915 000
Bente Mejdel, Director	10 200	2 000
Group management		
Jørgen Waaler, CEO 3)	250 000	240 000
Anders Nilsen, Finance director	2 000	2 000
Total	**4 023 476**	**3 909 000**

1) Erik Pinnås' shares are owned privately and through the companies Pinnås eiendom, Diamond Holding AS and Probitas Holding AS.
2) The chairman's shares are owned through the companies Capnova AS and Novestra AS.
3) The CEO's shares are owned privately and through the company Waaler AS.
No employees or directors own any options.

Auditors

Remuneration for Ernst & Young AS auditing and audit-related services totalled NOK 368,500 in 2008 (compared with NOK 270,000 in 2007). Remuneration for other services totalled NOK 124,000 (compared with NOK 92,500 in 2007), of which NOK 92,000 covers tax-related services (compared with NOK 72,000 in 2007)

note 3 // other operating income

	2008	2007
Management fee received from Norwegian subsidiaries	2 000	2 000
Management fee received from Swedish subsidiaries	4 200	1 625
Other operating income	0	335
Total operating income	**6 200**	**3 960**

note 4 // other short-term debts

	2008	2007
Holiday pay owed	246	189
Costs incurred	367	725
Other short-term debts	617	1 152
Total other short-term debts	**1 230**	**2 066**

note 5 // fixed assets

	Office equipment	TOTAL 2008	2007
Acquisition costs 01.01.	115	115	115
Fixed assets acquired	0	0	0
Acquisition costs 31.12.	**115**	**115**	**115**
Accumulated depreciation 01.01.	115	115	73
Accumulated depreciation 31.12.	115	115	115
Accumulated depreciation and write-downs 31.12.	115	115	115
Book value as at 31.12.	**0**	**0**	**0**
Depreciation for the year	0	0	42
Useful economic life	5 years	5 years	5 years
Depreciation schedule	Straight line	Straight line	Straight line

note 6 // other financial items

	2008	2007
Realised profit financial instruments	0	13 265
Unrealised profit financial instruments	0	1 345
Dividends received from associate companies	1 560	1 280
Foreign exchange gains	10 904	13
Miscellaneous	412	739
Other financial income	**12 877**	**16 642**

	2008	2007
Realised losses on financial instruments	-3 913	-2 905
Unrealised losses on financial instruments	-790	-2 650
Write-down of shares in subsidiaries	-649	0
Write-down of subsidiary receivables	0	-3 434
Foreign exchange losses	-857	-8
Other financial expenses	0	-0
Other financial expenses	**-6 209**	**-8 996**

note 7 // share capital and shareholder information

The company's share capital as at 31.12.2008 comprises the following classes of shares:

	Number	Nominal value	Recognised
Shares	22 188	0,62	13 757
Total	**22 188**		**13 757**

Ownership structure

Overview of shareholders as at 31.12.2008

No.	Name	Number of shares	Stake
1	PINNÅS, ERIK (including wholly owned companies) [1]	2 961 276	13,3 %
2	SKAGEN VEKST, SKAGEN VEKST II AND SKAGEN VEKST III	1 367 086	6,2 %
3	DYVI CAPITAL AS	1 183 024	5,3 %
4	PSI GROUP ASA (treasury shares)	1 197 927	5,4 %
5	BAKKE, LEIF FLEMMING (including wholly owned companies) [2]	800 000	3,6 %
6	AWAKE SWEDISH EQUITY FUND	768 000	3,5 %
7	BARCLAYS CAP SEC CAYMAN CLIENT	610 000	2,7 %
8	DETALJHANDELSEKONOMI I ENKÖPING AB	453 920	2,0 %
9	BARCLAYS CAPITAL SECURITIES LTD	410 000	1,8 %
10	RING, JAN	355 410	1,6 %
11	CHRISTIANIA SECURITIES ASA	253 820	1,1 %
12	WAALER, JØRGEN (including wholly owned companies) [3]	250 000	1,1 %
13	LÖFMAN, MICHAEL	235 952	1,1 %
14	GRESSLIEN, ODD ROAR	230 000	1,0 %
15	V. EIENDOM AS	211 400	1,0 %
16	SWEDBANK LUXEMBOURG S.A.	193 192	0,9 %
17	NORDNET PENSIONSFÖRSÄKRING AB	179 216	0,8 %
18	UNIONEN	177 306	0,8 %
19	NISTAD GRUPPEN AS	173 300	0,8 %
20	UBS AG LND IPB SEGREGATED CLIENT A	150 164	0,7 %
Total 20 largest shareholders		**12 160 993**	**54,8 %**
Total 9,232 other shareholders		10 027 027	45,2 %
Total all 9,252 shareholders		**22 188 020**	**100,0 %**

[1]) Controlled by board director Erik Pinnås personally: 52,000 shares. Through wholly owned companies: Pinnås Eiendom 1,860,000 shares, Diamond Holding AS 819,276 shares, Probitas Holding AS 230,000 shares.
[2]) Controlled by chairman Leif-Flemming Bakke through wholly owned companies: Novestra AS 446,776 shares, Capnova AS 353,224 shares.
3) Controlled by CEO Jørgen Waaler personally: 210,000 shares. Through wholly owned company: Waaler AS 40,000 shares.

note 8 // equity

	Share capital	Share premium account	Treasury shares	Other paid-in equity	Other equity	Total 2008
Equity capital 01.01	**7 467**	**12 497**	**-17**	**1 890**	**79 735**	**101 572**
						0
Change in equity for the year:						**0**
Capital increase in connection with merger	6 289	278 160			-74 211	210 238
Transaction costs in connection with merger		-1 475				-1 475
Tax effect of transaction costs		413				413
Purchase of own shares			-726		-10 464	-11 190
Result for the year					12 495	12 495
Equity 31.12	**13 757**	**289 594**	**-743**	**1 890**	**7 555**	**312 053**

The general meeting on 10 June 2008 adopted the plan to merge with CashGuard AB. A total of 10,143,930 shares were issued in connection with the merger. At the time of the merger PSI Group ASA owned 24.95% of the shares in CashGuard. No compensatory shares have been issued for these shares. Assets and liabilities transferred as a result of the merger have been valued based on the PSI Group share price on the issue date, 26 August. The difference between the original 24.95% stake and the valuation at the acquisition date has led to a downward adjustment of other equity. The merger transaction has been classified such that the nominal share value has been included as share capital, the share premium on issued shares has been included as share premium, and the remaining effect of the merger has been included as other equity.

Own shares

	2008	2007
01-jan	27	1 290
Purchase of own shares	1 171	78
Cancellation of own shares	-	(1 338)
Payments on redemption of employee options	-	(3)
31-des	**1 198**	**27**
Nominal value	0,62	0,62
Treasury shares specified in equity capital	743	17

As at 31.12.2008 the group owned 1,197,927 treasury shares. The cost price of these was NOK 11,799,000, giving an average share price of NOK 9.85.

No dividends were paid in 2008, and dividend payments have not been proposed for 2009.

note 9 // interest-bearing debts

Distribution repayment loans	2008	2007
Due within one year	14 440	14 441
Debt, not time-restricted (group credit account)	107 951	25 052
Total short-term debt to credit institutions	**122 391**	**39 493**
Due after one year	55 964	70 421
Total long-term debt to credit institutions	**55 964**	**70 421**

Debts and terms of borrowing

Lender	2008	2007	Borrowing terms	Interest terms
Multi-currency, group credit account[1]	107 951	25 052	Overdraft limit NOK120 million, not time-restricted	6,58 %
Repayment loan, business[1] & [2]	69 204	83 062	Quarterly term loan, last payment 05.12.2013	7,36 %
Repayment loan, business[1]	1 200	1 800	Quarterly term loan, last payment 31.12.2010	7,36 %
Total interest-bearing debts	**178 355**	**109 914**		

[1] The bank has restrications in the loan agreement regarding the proportion between NIBD/EBITDA.
[2] The loans are secured

Loan security as at 31.12.2008

Asset	Book value	Value of security
Shares in PSI Media Solutions AS	9 315	500
Co-surety Norway, SQS and CashGuard*		110 000

* CashGuard Sverige AB and SQS Security Qube System AB's liability is limited upwards to the amount that the debtor has borrowed at any given time

Guarantees
The parent company is acting as surety in relation to credit institutions for a financial leasing agreement valued at NOK 10 million.

note 10 // inter-company balances etc.

	2008	2007
Debts		
Group companies	16 770	82 970
Total debts	**16 770**	**82 970**
Receivables		
Short-term intra-group balances	17 329	5 393
Claims for group relief	13 196	43 680
Long-term inter-company loans	164 260	0
Total receivables	**194 785**	**49 073**

note 11 // shares in subsidiaries

Company	Address	Main area of business	Stake	Book value
Nordic Retail Technology Group AB	Stockholm (Sweden)	No activity	100%	648
Retail Technology Group ApS	Copenhagen (Denmark)	No activity	100%	0
PSI System AS	Rælingen	Service and product provider	100%	22 499
PSI Production AS	Tangen	Printers	100%	8 476
PSI System AB	Örebro (Sweden)	No activity	100%	2 560
PSI Antonson AB	Gothenburg (Sweden)	Service and product provider	100%	18 016
PSI Media Solutions AS	Rælingen	Service and product provider	100%	9 315
Instore IT Midt-Norge AS	Trondheim	Service and product provider	80%	689
CashGuard Sverige AB	Täby (Sweden)	Hardware and software	100%	8 903
SQS Security Qube Systems AB	Skellefteå (Sweden)	Production and sales	100%	226 907
CashGuard GmbH	Berlin (Germany)	Sales	100%	186
CashGuard SAS	Paris (France)	Sales	100%	599
Total				**298 797**

On 23 April 2008 PSI signed a contract for the purchase of 80% of Nor System Partner AS (now Instore IT Midt-Norge AS) with effect from 1 May 2008. The purchase strengthened PSI's service organisation in central Norway. On 10 June 2008 the respective general meetings of PSI Group ASA and CashGuard AB approved the merger between the two groups. The merger gave PSI control of the subsidiaries SQS Security Qube System AB, CashGuard Sverige AB, CashGuard GmbH and CashGuard SAS.

note 12 // shares in associate and other companies

Entity	Industry	Stake	Balance sheet value
Instore It Innland AS	Service company	40%	1 561
InStore It Sør AS	Service company	40%	2 241
InStor IT Vest AS	Service company	30%	1 530
PSI Finance AS	Financing	49%	49
Total			**5 381**

Financial investments

Company	Cost price	Book value
Repant ASA	1 500	707

Other long-term investments

Company	Cost price	Book value
ProData AS	200	200
Other companies	281	0
Total	**481**	**200**

note 13 // tax expense

Tax expenses for the year are as follows:	2008	2007
Change in gross deferred tax positions		
Change in deferred tax	4 672	10 223
Increase in share of deferred tax assets on balance sheet	0	0
Tax expense ordinary profit	**4 672**	**10 223**
Tax expense	4 672	10 223

Reconciliation of nominal and effective tax rates

	2008	2007
Ordinary profit before tax	17 167	43 463
Extraordinary profit before tax	0	0
Profit before tax for the year	**17 167**	**43 463**
Expected income tax based on nominal rate of tax (28%)	4 807	12 170
Tax effect of the following items		
Permanent differences and sale of shares	-133	-1 960
Change in unrecognised deferred tax assets		0
Tax gains from sale of shares		
Other differences	-2	15
Tax expense	**4 672**	**10 225**
Effective tax rate	**27,2 %**	**23,5 %**

Overview of deferred tax assets	2008	2007
Fixed assets	-507	-641
Provisions	0	0
Profit and loss account	1 880	2 349
Losses carried forward	-19 365	-34 913
Net negative differences	**-17 992**	**-33 205**
Deferred tax assets	-5 038	-9 312

Of changes to the deferred tax assets for the year, NOK 413,000 has been taken directly to equity capital

Deferred tax assets are recognised on the balance sheet, as they are expected to be utilised through future group relief from subsidiaries in Norway.

note 14 // cash and cash equivalents

	2008	2007
Bank deposits and cash in hand	4 563	404
Unused overdraft facility	19 273	38 420
Cash and cash flow in the cash flow analysis	**4 563**	**404**

The parent company shares an overdraft facility with the rest of the group. The group as a whole or the parent company alone may withdraw up to NOK 120,000,000 from the group's overdraft facility. NOK 961,000 are restricted funds.

Corporate governance principles

1. Information about corporate governance

The board sets out the principles of corporate governance in PSI Group ASA's shareholder policy:

The role of the board should be founded on the principle of independence from the management and on the principle of the equal treatment and responsibility in relation to all shareholders. The company's shares can be freely traded, and activities that strengthen the liquidity of the company's shares are a priority for the board/management. The company's shareholder policy is based on the principle of one share – one vote. In the event of an acquisition/restructuring situation the board will exercise particular caution to ensure that the shareholders' interests and values are protected.

A key task for the board is to ensure that the company is run on the basis of an optimal capital structure. Equity transactions, including share issue authorisation, must be well justified with regards to scope, form and timing.

The board and management shall ensure that the company's information policy is such designed that correct, comprehensive and timely information about the company is published. This is to help ensure that the pricing of the share is as accurate as possible. The information policy shall also provide shareholders with the best possible basis for making investment decisions and for voting at general meetings.

2. Activities

The board has laid down the aims of PSI Group in its articles of association. The articles are reproduced in full on the company's website.

PSI Group ASA is organised into three divisions:

- Cash Management Retail comprises the previous CashGuard division Trading before the merger, which includes all development, production and systems sales to all of CashGuard's global retail partners/distributors, including the PSI companies.

- Cash Management CIT/ATM comprises the activities of Security Qube Systems AB (SQS). The division delivers the most advanced cash security solutions for ATMs and cash transport available on the market. SQS is also a significant subsupplier of associated dyeing technology for CashGuard products aimed at retailers who require the highest level of security.

- Retail Solutions comprises the previous activities of PSI before the merger, including solution sales and after-sales to retail, industry and the public sector. This means that the excess value of the end user sales of CashGuard systems by PSI's Norwegian and Swedish subsidiaries will appear here.

PSI Group aims to enter into long-term service and maintenance contracts with its customers in relation to previously delivered, operationally critical solutions and systems in order that customers have the most competitive and cost-effective solutions at all times.

3. Share capital and dividends

PSI Group aims to provide shareholders with competitive returns on invested capital primarily by way of increases in the share price. The company is in a growth phase during which excess liquidity is used for expansion. The company will otherwise strive to retain a level of equity capital that reflects its aims, strategy and risk profile.

The PSI Group ASA general meeting has authorised the company board to purchase own shares with a total nominal value of up to NOK 1,327,296. This authorisation is valid until 20 June 2009.

The PSI Group ASA general meeting has authorised the company board to carry out a general capital increase of up to NOK 1,860,000. This authorisation is valid until 30 June 2009.

4. Equal treatment of shareholders and transactions with related parties

PSI Group ASA has a single class of shares whereby one share entitles the holder to one vote at the company's general meetings.

Transactions with related parties are described in the company's annual report. Any potential conflicts of interest between the board and these parties are discussed by the board.

5. Unrestricted trading

The company has no restrictions on the ownership or transfer of its shares.

6. General meetings

Notification of ordinary and extraordinary general meetings shall be sent, without exception, to all directly registered shareholders, giving 14 days' notice, and shall be published on the company's website no later than 21 days before. The financial statements have routinely been enclosed with the notification of the ordinary general meeting. A simple registration procedure has been introduced, and it has also been possible to attend by proxy. As a rule of thumb the chairman, the management – including the CEO – and the auditor are present.

7. Selection committee

PSI Group ASA elects its board at the general meeting. Candidates for the board are selected by the selection committee, which comprises three persons. The majority of the selection committee is independent from the company board and other key employees.

8. Supervisory board and board of directors – composition and independence

PSI Group ASA strives to maintain independence between shareholders, board and management. Of PSI Group ASA's five board directors, none is in the company's employment. Two of five directors own significant stakes in the company. Board directors are elected for a period of two years at a time. The CEO is not a member of the board.

PSI Group ASA is not required to have supervisory board.

9. The work of the board

Instructions for board directors have been drawn up for PSI Group ASA. The board will be considering further formalisation of instructions, routines and board committees in accordance with the Norwegian Code of Practice for Corporate Governance.

10. Risk management and internal controls

The management submits monthly reports to the board setting out the financial development of the group.

11. Board remuneration

Directors' fees are decided by the general meeting and must reflect directors' responsibilities, expertise and use of time as well as the complexity of the business. Details of remuneration for board directors are given in the notes to the financial statements.

Directors are elected on the basis of their expertise and knowledge. The board must give its approval if the company were to utilise directors beyond what is expected of a director. Any form of remuneration for board members is specified in the notes to the financial statements.

Board members do not receive any form of profit-related remuneration, but the majority of directors have elected to purchase shares in the company.

12. Remuneration for key employees

The CEO's remuneration is decided by the board. The board also draws up guidelines on remuneration for other key employees, including the level of fixed salaries and the principles and extent of any bonus schemes.

13. Information and communication

Efficient communication with the financial markets is provided by issuing all significant new information as a stock exchange notice, including the company's financial calendar with dates for the publication of interim reports, general meetings and dividend payments. As of the fourth quarter of 2004, all presentations of the company's interim reports have been published online and can be viewed live or afterwards as an archived clip.

14. Takeover

The board complies with the code that states the board may not, except by providing sufficient justification, prevent or obstruct others from making a bid for the company's activities or shares. The board is acting accordingly.

15. Auditors

The auditor attends board meetings where the financial statements are debated and board meetings where significant decisions concerning the accounts or internal controls are being debated on the request of the board. The auditor also reports annually to the chairman and management on work carried out in the previous financial year and on issues that have been the subject of particular attention or discussion within the management team and on the organisation and implementation of internal controls at the operative subsidiaries.

The auditor is employed on a fixed-rate basis for each company in the group. The auditor has a limited number of assignments for the group in addition to the audit and assistance with the preparation and reporting of tax accounts. Consultancy fees have been described in the notes. The board and the auditor will be considering the need for the auditor to communicate his/her plan for the year to the board and the issue of whether meetings should be held with the board without the presence of the management.

Rælingen, 17 April 2009

Leif Flemming Bakke
Chairman of the Board

Erik Pinnås
Director

Svein S Jacobsen
Director

Guri Kogstad
Director

Bente Holm Mejdell
Director

Jørgen Waaler
Group Chief Executive Officer

ERNST & YOUNG

Statsautoriserte revisorer
Ernst & Young AS

Christian Frederiks pl. 6, NO-0154 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf.: +47 24 00 24 00
Fax: +47 24 00 24 01
www.ey.no

Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
PSI Group ASA

Auditor's report for 2008

We have audited the annual financial statements of PSI Group ASA as of 31 December 2008, showing a profit of NOK 12 495 000 for the Parent Company and a profit of NOK 13 203 000 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2008, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2008, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 17 April 2009
ERNST & YOUNG AS

Atle Hørlyk
State Authorised Public Accountant (Norway)
(sign)

Note: The translation to English has been prepared for information purposes only.

❶ PSI Group ASA (HQ)

PSI Systems AS
PSI Media Solutions AS
PSI Production AS
Slynga 10, 2005 Rælingen
P.O. Box 134, 2011 Strømmen, Norway
Phone: +47 03254
E-mail: psi@psi.no
Web: www.psi.no

❷ PSI Antonson AB

Johannefredsgatan 2
P.O.Box 275, 431 24 Mölndal, Sweden
Phone: +46(0)31 706 80 00
E-mail: info@antonson.se
Web: www.antonson.se

❸ Cashguard AB

P.O.Box 2960, Propellervägen 10-12
SE-187 29 Stockholm, Sweden
Phone: +46 8 732 222 00
E-mail: info@cashguard.se
Web: www.cashguard.se

❹ Cashguard SAS

17 Square Edouard VII
FR-75009 Paris, France
Phone: +33 1 53 43 92 51

❺ CashGuard GmbH

Pankstrasse 8-10
Aufgang Q
D-13127 Berlin, Germany
Phone: +49 30 221 99 450 0

❻ SQS Security Qube System AS

Haslevollveien 3L
NO-0579 Oslo, Norway
Phone: +47 22 80 12 00

❼ SQS Security Qube System AB

P.O.Box 715, Maskinvägen 13
SE-931 Skellefteå, Sweden
Phone: +46 910 71 41 00

❽ SQS International

89. Chaussèe de Bruxelles
BE-1410 Waterloo, Belgium
Phone: +32 2354 0642

❾ SQS GmbH

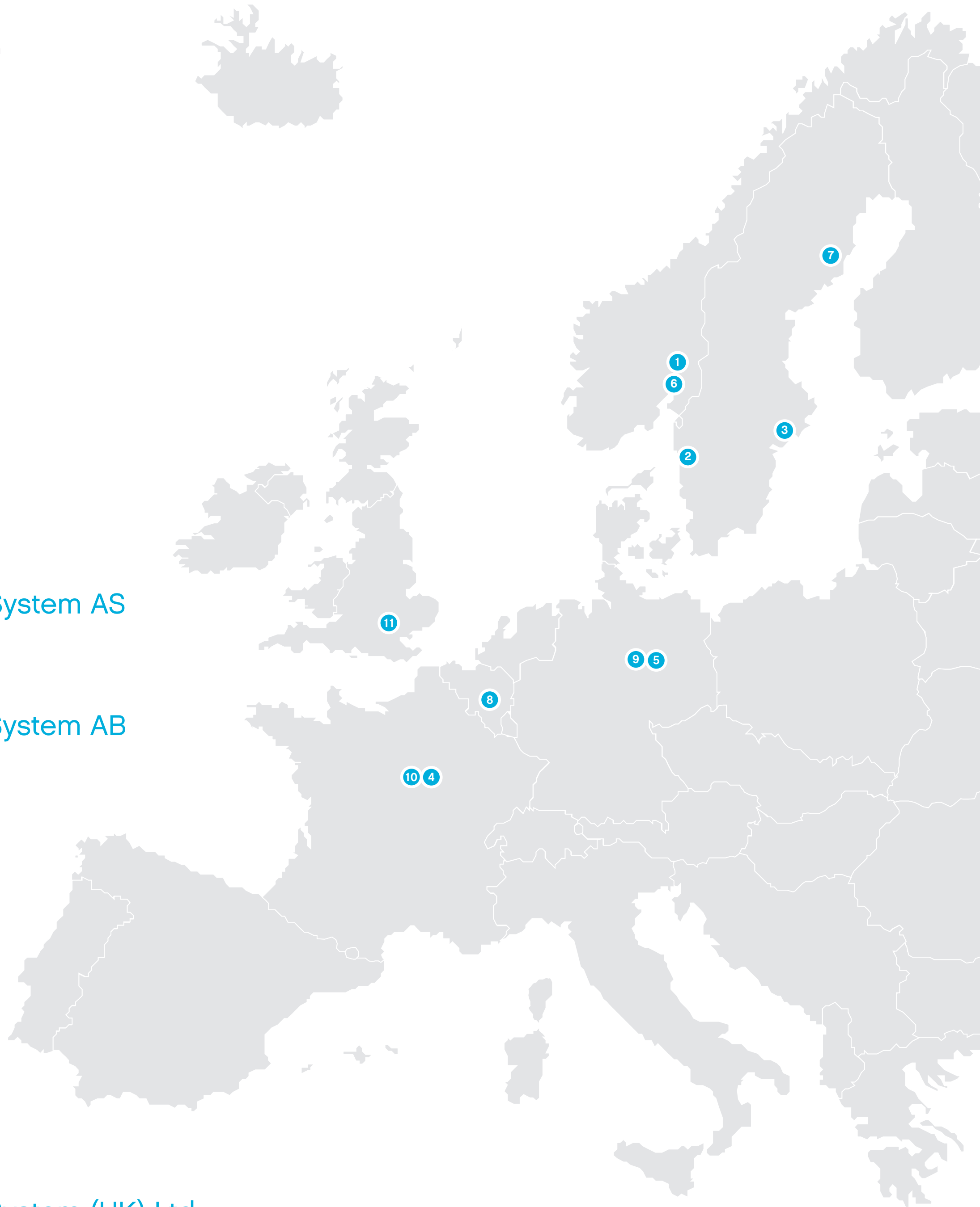
RheinStrasse 45-46
Hof 2 - Aufgang 4-5
121 61 Berlin, Germany

❿ SQS Sarl

Burocampus Bät C
3, rue de Verdun
FR-78590 Noisy-le-Roi, France

⓫ SQS Security Qube System (UK) Ltd

20 Queens Parade
Friern Barnet Road
London, N11 3DA, UK
Phone: +44 (0)20 8361 6633



Concept, text, photo & design Coxit PR // coxit.no

PSI Group ASA
Slynga 10, 2005 Rælingen - P.O. Box 134, N-2011 Strømmen
Phone: (+47) 03254 - Fax: (+47) 63 83 58 01
E-mail: psi@psi.no - Web: www.psi.no