ARCUS S.A. CAPITAL GROUP

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INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENT
OF ARCUS S.A. CAPITAL GROUP
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2011
AND
INTERIM CONDENSED
SEPARATE FINANCIAL STATEMENT
OF ARCUS S.A. COMPANY
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2011

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

Warsaw, 31 August 2011

Only the Polish-language version of this document shall be legally binding, however
every effort has been made to ensure the accuracy of this translation

I. SELECTED FINANCIAL DATA

Data regarding the interim condensed consolidated financial statement

Selected Financial Data	1 January 2011 – 30 June 2011	1 January 2010 – 30 June 2010	1 January 2011 – 30 June 2011	1 January 2010 – 30 June 2010
	PLN THOUSAND		EUR THOUSAND	
I. Revenues from sales of products	53 090	79 497	13 382	19 853
II. Operating Profit (Loss)	-9 676	-994	-2 439	-248
III. Profit (Loss) Before Tax	-9 014	-894	-2 272	-223
IV. Net Profit (Loss)	-7 982	-873	-2 012	-218
V. Net Profit (Loss) attributable to Dominant Company’s shareholders	-7 416	-386	-1 869	-96
VI. Comprehensive income	-8 203	-1 523	-2 068	-380
VII. Comprehensive income attributable to the shareholders of a dominant entity	-7 637	-1 036	-1 925	-259
VIII. Net Operating Cash Flow	-22 399	13 119	-5 646	3 276
IX. Net Investment Cash Flow	-1 942	-1 590	-490	-397
X. Net Financial Cash Flow	1 016	383	256	96
XI. Change in Cash	-23 325	11 912	-5 879	2 975
XII. Profit (loss) per share and diluted profit (loss) per share attributable to the shareholders of a dominant entity (PLN/EUR)	-1,00	-0,05	-0,25	-0,01
XIII. Profit (loss) annualized	-6 841	3 548		
XIV. Annualized profit (loss) per share and annualized diluted profit (loss) per share attributable to the shareholders of a dominant entity (PLN/EUR)	-0,93	0,48		
	As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
XIII. Total Assets	89 079	91 941	22 345	22 177

XIV. Long-Term Liabilities	10 071	3 090	2 526	745
XV. Short-Term Liabilities	20 371	23 784	5 110	5 737
XVI. Equity	58 637	65 067	14 709	15 695
XVII. Equity attributable to Dominant Company's shareholders	59 078	64 568	14 819	15 574
XVIII. Share Capital	740	740	186	178
XIX. Shares Number (weighted average)	7 395 157	7 395 157	7 395 157	7 395 157
XX. Book value and diluted book value per Share attributable to Dominant Company's shareholders (PLN/EUR)	7,99	8,73	2,00	2,11

Data regarding the interim condensed separate financial statement of a dominant entity – ARCUS S.A.

Selected Financial Data	**1 January 2011 – 30 June 2011**	**1 January 2010 – 30 June 2010**	**1 January 2011 – 30 June 2011**	**1 January 2010 – 30 June 2010**
	PLN THOUSAND		EUR THOUSAND	
I. Revenues from sales	50 691	77 797	12 777	19 429
II. Operating Profit (Loss)	-8 591	41	-2 165	10
III. Profit (Loss) Before Tax	-7 715	332	-1 945	83
IV. Net Profit (Loss)	-6 680	261	-1 684	65
V. Comprehensive income	-6 901	37	-1 739	9
VI. Net Operating Cash Flow	-22 010	12 725	-5 548	3 178
VII. Net Investment Cash Flow	-1 914	-1 373	-482	-343
VIII. Net Financial Cash Flow	-906	691	-228	173
IX. Change in Cash	-24 830	12 043	-6 259	3 008
X. Profit (loss) per share and diluted profit (loss) per share	-0,90	0,04	-0,23	0,01
	As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
XI. Total Assets	86 899	89 971	21 798	21 702
XII. Long-Term Liabilities	7 454	2 831	1 870	683
XIII. Short-Term Liabilities	19 174	22 612	4 810	5 454

XIV. Equity	60 271	64 528	15 118	15 565
XV. Share Capital	740	740	186	178
XVI. Shares Number (weighted average)	7 395 157	7 395 157	7 395 157	7 395 157
XX. Book value and diluted book value per Share	8,15	8,73	2,04	2,10

Rules applied for the calculation of financial data

The following exchange rates have been applied in order to convert selected financial data into EUR:

- For balance sheet items – 4.1458 - National Bank’s of Poland exchange rate applicable on 30 June 2011, 3.9866 - National Bank’s of Poland exchange rate applicable on 30 June 2010,

- For statement of comprehensive income items and cash flow statement items an average exchange rate – calculated as an arithmetic mean of exchange rates applicable on the last day of every month in particular period, determined by the National Bank of Poland for that day:

  - Average exchange rate between 1 January and 30 June 2011: EUR 1 = PLN 3.9673
  - Average exchange rate between 1 January and 30 June 2010: EUR 1 = PLN 4.0042

II. HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF ARCUS CAPITAL GROUP FOR THE FIRST HALF OF 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2011

Profit and loss account	1 January – 30 June 2011	1 January – 30 June 2010	1 April – 30 June 2011	1 April – 30 June 200
PLN THOUSAND				
Sales revenue	53 090	79 497	24 658	28 185
Own sales cost	-45 674	-65 642	-20 091	-23 212
Gross sales profit (loss)	**7 416**	**13 855**	**4 567**	**4 973**
Other operating revenue	88	46	51	38
Sales costs	-11 766	-11 126	-6 439	-4 485
General and administrative costs	-3 377	-3 645	-1 869	-2 413
Other operating costs	-2 037	-124	-1 992	-81
Operating profit (loss)	**-9 676**	**-994**	**-5 682**	**-1 968**
Financial revenue	704	721	393	-83
Financial costs	-42	-621	70	-567
Profit (loss) before tax	**-9 014**	**-894**	**-5 219**	**-2 618**
Income tax	1 032	21	1 055	528
Net profit (loss)	**-7 982**	**-873**	**-4 164**	**-2 090**
Attributable to:				
Shareholders of a dominant company	-7 416	-386	-3 793	-1 763
Minority shareholders	-566	-487	-371	-327
Net profit (loss) annualized	-6 841	3 548		
Profit (loss) per share attributable to shareholders of the dominant company				
Ordinary and Diluted	-1,00	-0,05	-0,51	-0,24

Statement of comprehensive income	1 January – 30 June 2011	1 January – 30 June 2010	1 April – 30 June 2011	1 April – 30 June 200
PLN THOUSAND				
Net Profit (loss)	**-7 982**	**-873**	**-4 164**	**-2 090**
Components of other comprehensive income:				
Financial Assets available for sale	-273	-803	104	-803
Settlement of hedging instruments	0	0	0	
Deferred Tax regarding other comprehensive income	52	153	-20	153
Other comprehensive income	**-221**	**-650**	**84**	**-650**
Comprehensive income for the period	**-8 203**	**-1 523**	**-4 080**	**-2 740**
Comprehensive income for the period attributable to:				
Shareholders of a dominant company	-7 637	-1 036	-3 593	-2 413
Minority shareholders	-566	-487	-487	-327

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	As at 30 June 2011	As at 31 December 2010	As at 30 June 2010
PLN THOUSAND			
FIXED ASSETS			
Intangible Assets	2 523	2 091	2 431
Consolidation goodwill	4 817	3 029	3 029
Tangible fixed assets	3 150	1 619	1 650
Financial assets available for sale	2 282	2 278	1 751
Long term receivables	7 369	4 984	2 452
Deferred income tax assets	3 721	1 986	1 499
TOTAL	**23 862**	**15 987**	**12 812**
CURRENT ASSETS			
Inventory	28 272	29 210	24 765
Trade and other receivables	18 131	37 320	22 324
Income Tax Receivables	0	0	266

Cash	18 814	42 133	31 774
TOTAL	**65 217**	**108 663**	**79 129**
TOTAL ASSETS	**89 079**	**124 650**	**91 941**

Liabilities	As at 30 June 2011	As at 31 December 2010	As at 30 June 2010
	NOT AUDITED		
Equity (attributable to the shareholders of the dominant company)			
Share capital	740	740	740
Reserve Capital from sale of shares at premium	37 631	37 631	37 631
Revaluation capital	-221	-224	-650
Other capital reserves	143	143	143
Retained earnings	20 785	28 201	26 704
TOTAL	**59 078**	**66 491**	**64 568**
Non-controlling entities' share	-441	92	499
Total Equity	**58 637**	**66 583**	**65 067**
Long-term liabilities			
Provision for deferred income tax	1 736	1 059	742
Provisions for liabilities	1 269	1 353	516
Other long-term liabilities	7 066	2 638	1 832
TOTAL	**10 071**	**5 050**	**3 090**
Short-term liabilities			
Trade and other liabilities	17 846	51 375	22 031
Income tax liabilities	0	266	0
Provisions for liabilities	2 525	1 376	1 753
TOTAL	**20 371**	**53 017**	**23 784**
TOTAL LIABILITIES	**89 079**	**124 650**	**91 941**

The Goodwill of DocuSoft shall be of provisional nature applied for the needs of the financial statement hereof.

This value will be settled until 31 December 2011.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST HALF OF 2011

Cash Flow Statement	1 January 2011 – 30 June 2011	1 January 2010 – 31 December 2010	1 January 2010 – 30 June 2010
	PLN THOUSAND		
Operating Activities			
Profit (Loss) before Tax	-9 014	427	-894
Items' Adjustments	-13 385	23 089	14 013
Depreciation	844	1 533	721
Interest Received	-641	-1 307	-593
Interest Paid	0	0	0
Profit (Loss) on Investment Activities	-5	14	-3
Change in Inventories	938	-9 572	-5 126
Change in receivables	20 418	18 616	29 739
Change in Liabilities and Reserves	-33 373	15 146	-8 837
Change in other Assets	25	0	-917
Income Tax Paid	-265	-944	-949
Other	-1 326	-397	-22
	-22 399	**23 516**	**13 119**
Investment Activities			
Inflows	5	10	3
Inflows proceeding from disposal of intangible assets and tangible fixed assets	5	10	3
Outflows	-1 947	-1 940	-1 593
Outflows for acquisition of tangible fixed assets	-1 947	-1 909	-1 593
Other		-31	0
	-1 942	**-1 930**	**-1 590**
Financial Activities			
Inflows	1 833	1 925	822
Inflows from contracted credit and loans	1	2	0
Interest	839	1 588	717
Payment of liabilities arising from financial leases	993	335	105
Outflows	-817	-1 240	-439

Purchase of shares	-10		
Repayment of credit and loans	-2	-150	-8
Payment of liabilities arising from financial leases	-606	-789	-284
Interest Paid	-199	-301	-147
From other Financial Liabilities	0	0	0
Net cash used for/received from financial activities	**1 016**	**685**	**383**
Change in Cash	**-23 325**	**22 271**	**11 912**
Cash at the beginning period	**42 139**	**19 862**	**19 862**
Cash at the end period	**18 814**	**42 133**	**31 774**
Cash of limited disposability	**0**	**0**	**0**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period of 1 January 2011 – 30 June 2011

	Equity attributable to dominant entity's shareholders					
PLN THOUSAND	**Share Capital and capital from sale of shares at premium**	**Retained Earnings**	**Revaluation Capital**	**Total**	**Minority Interest**	**TOTAL EQUITY**
Status as at 1 January 2011	**38 514**	**28 201**	**-224**	**66 491**	**92**	**66 583**
Purchase of shares					**33**	**33**
Net profit	0	-7 416	0	-7 416	-566	-7 982
Financial assets available for sale less deferred tax	0	0	3	3	0	3
Status as at 30 June 2011	**38 514**	**20 514**	**-221**	**59 078**	**-441**	**58 637**

For the period of 1 January 2010 – 31 December 2010

	Equity attributable to dominant entity's shareholders					
PLN THOUSAND	**Share Capital and capital from sale of shares at premium**	**Retained Earnings**	**Revaluation Capital**	**Total**	**Minority Interest**	**TOTAL EQUITY**
Status as at 1 January 2010	**38 514**	**27 039**	**0**	**65 553**	**986**	**66 539**
Net profit	0	1 162	0	1 162	**-894**	**268**
Financial assets available for sale less deferred tax	0	0	-224	**-224**	**0**	**-224**
Status as at 31 December 2010	**38 514**	**28 201**	**-224**	**66 491**	**92**	**66 583**

For the period of 1 January 2010 – 30 June 2010

	Equity attributable to dominant entity's shareholders					
PLN THOUSAND	**Share Capital and capital from sale of shares at premium**	**Retained Earnings**	**Revaluation Capital**	**Total**	**Minority Interest**	**TOTAL EQUITY**
Status as at 1 January 2010	**38 514**	**27 039**	**0**	**65 553**	**986**	**66 539**
Current period's adjustments		51		51		50
Net profit		-386	0	-386	-487	-873
Financial assets available for sale less deferred tax	0	0	-650	-650	0	-650
Status as at 30 June 2010	**38 514**	**26 704**	**-650**	**64 568**	**499**	**65 067**

III. BASIC INFORMATION

Dominant Entity

ARCUS S.A. – a dominant entity (hereinafter: 'the Company', 'the Issuer') performs its business activities as a joint stock company. Pursuant to the company's Articles of Association, the duration of the Company shall be an unlimited. The entity was transformed from ARCUS S.A. Limited Liability Company into Joint Stock Company on 6 November 2006.

The company's registered office is based in Warsaw, at 2 Miła Street. The company is recorded by the District Court for the Capital City of Warsaw (12th Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000271167.

Shares of ARCUS S.A. Dominant Entity are listed on the Warsaw Stock Exchange since 19 June 2008. All shares of ARCUS S.A. Company are admitted to exchange trading on the Warsaw Stock Exchange Main Market.

ARCUS S.A. Company performs its business activity in line with provisions of the Commercial Companies Code as well as in accordance with provisions of the Act on Trading in Financial Instruments (of 29 July 2005) and the Act on Public Offering, Conditions Governing the introduction of financial instruments to exchange trading and public Companies (of 29 July 2005).

Company:	ARCUS S.A.
Registered office and address:	2 Miła Street, 00-180 Warsaw
Telephone:	+48 22 536 09 00
Fax number:	+48 22 831 70 43
e-mail:	biuro@arcus.pl
www:	www.arcus.pl

The main scope of business activities of ARCUS S.A. shall be focused on the following business areas:

- document and correspondence management systems,
- solutions and services related to Telematics and Telemetry (fleet monitoring and implementation of intelligent energy networks and measurement systems),
- ICT solutions integration (Information and Communication Technologies).

Management Board

In accordance with ARCUS S.A. Articles of Association, the Management Board shall be composed of 1 to 5 Members. As at 1 January 2011, the composition of the Management Board was as follows:

- Wojciech Kruszyński – President of the Management Board,
- Wiktor Różański – Vice-President of the Management Board,
- Konrad Kowalczuk – Vice President of the Management Board.

The Supervisory Board of ARCUS S.A. accepted the resignation of Konrad Kowalczuk as Vice-President of the Management Board and dismissed him from his position as of 12 January 2011. Włodzimierz Stasiak performed duties of Vice-President of the Management Board between 13 January 2011 and 1 March 2011.

On 26 May 2011, the Ordinary General Meeting of Shareholders dismissed all Members of ARCUS S.A. Management Board due to the expiration of a three-year term of office.

On 26 May 2011, the Issuer's Supervisory Board appointed Michał Czeredys a President and Wojciech Kruszyński – a Vice-President of the Management Board of a new term of office.

Taking the above into consideration, as at balance sheet day, that is at 30 June 2011, the composition of the Management Board was as follows:

- Michał Czeredys – President of the Management Board,
- Wojciech Kruszyński – Vice-President of the Management Board.

The Supervisory Board of ARCUS S.A. accepted the resignation of Wojciech Kruszyński as Vice-President of the Management Board and dismissed him from his position as of 29 July 2011.

As at the day of the financial statement hereof publication, the composition of the Management Board was as follows:

- Michał Czeredys – President of the Management Board.

Supervisory Board

In accordance with ARCUS S.A. Articles of Association, the Supervisory Board shall be composed of 5 to 10 Members. As at 1 January 2011, the composition of the Supervisory Board was as follows:

- Elżbieta Niebisz - Chairman of the Supervisory Board
- Tadeusz Janusiewicz - Member of the Supervisory Board
- Michał Słoniewski - Member of the Supervisory Board
- Sławomir Jakszuk – Member of the Supervisory Board
- Ryszard Barski - Member of the Supervisory Board

On 26 May 2011, the Ordinary General Meeting of Shareholders dismissed all Members of ARCUS S.A. Supervisory Board due to the expiration of a three-year term of office and appointed new Members for a new term of office.

Taking the above into consideration, as at 30 June 2011 and as at the day of the financial statement hereof preparation the composition of the Supervisory Board was as follows:

- Marek Czeredys - Chairman of the Supervisory Board
- Dominik Czajewski - Member of the Supervisory Board
- Michał Słoniewski - Member of the Supervisory Board
- Sławomir Jakszuk – Member of the Supervisory Board
- Ryszard Barski - Member of the Supervisory Board

Capital Group

ARCUS Capital Group (hereinafter: 'Group', 'Capital Group') consists of:

- ARCUS S.A. – as the Dominant Company,
- T-Matic Systems Ltd. (hereinafter: 'T-Matic') – the subsidiary,
- Docusoft Ltd. (hereinafter: 'Docusoft') – the subsidiary.

IV. ACCOUNTING PRINCIPLES APPLIED FOR THE PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE FIRST HALF OF 2011

1. Basis for financial information preparation

The presented interim condensed consolidated financial statement has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) approved by the European Union as well as in accordance with applicable provisions and the Regulation of the Minister of Finance of 19 February 2009 on current and interim information published by the issuers of securities (Journal of Laws No 33, item 259) and presents the financial situation of ARCUS Capital Group as at 30 June 2011 and as at 30 June 2010, results on business operations for the period of 6 months ended 30 June 2011 and 30 June 2010 and cash flow for the period of 6 months ended 30 June 2011 and 30 June 2010.

The consolidated financial statement was prepared based on the assumption that the Group would continue its business activities into the foreseeable future. As at the day of the financial statement preparation there were no circumstances that could indicate existence of any serious threats to the continuation of the Group's businesses activity.

2. Statement of conformity

The following standards, amendments to binding standards and interpretations (adopted or being in the process of adoption by the European Union) shall be applicable as at 1 January 2011:

- Amendments to IAS 32 "Financial Instruments: Presentation",
- Amendments to IAS 24 "Related Party Disclosures",
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments",
- Amendments to IFRIC 14 "Minimum Funding Requirements and their Interaction",

- Improvements to the International Financial Reporting Standards - a set of amendments to the International Financial Reporting Standards, amendments are effective in most cases, for annual periods beginning on or after 1 January 2011.

Adoption of these standards and interpretations did not result in any significant changes in accounting policies applied by the Company or in the presentation of information in financial statements.

IFRS standards and interpretations which have not yet entered into force

The Company intends to apply published, but not being in force until 30 June 2011, amendments to IFRS in accordance with their effective date. In the reporting period, the decision on earlier application of standards and interpretations was not made.

Standards and interpretations published but not adopted

Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The amendment adds an exemption, which may be applied as on the date of transition to IFRS by entities operating in hyperinflationary economies. This exemption allows to measure the assets and liabilities held - before stabilizing of a functional currency at fair value, and then use that fair value as deemed cost of those assets and liabilities for the needs of the preparation of the first statement of financial position under IFRS.

Effective date of IFRS 4 amendments for annual periods beginning on or after 1 July 2011.

It is expected that at the time of initial application, amendments to the standard will not affect the future financial statements.

Amendments to IFRS 7 – Disclosures, Transfer transactions of financial assets

The amendments will allow users of financial statements:

- to improve their understanding of a relation between transferred component of financial assets which has not been wholly excluded from the financial statements and associated financial liabilities,
- to assess the nature of risk and the level of significant involvement in excluded component of assets.

Amendment defines the term 'significant involvement' for the needs of disclosures requirements application.

Effective date of IFRS 7 amendments for annual periods beginning on or after 1 July 2011. It is expected that at the time of IFRS 7 application, the amount of disclosures in the consolidated financial statement will increase.

New Standard and its amendments – IFRS 9 Financial Instruments

The new standard replaces the requirements specified in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and valuation of financial assets. Standard eliminates the existing categories set forth in IAS 39: held to maturity, available-for-sale, loans and receivables.

Upon initial recognition financial assets are classified as: financial assets measured at amortized cost or financial assets measured at fair value.

Amendments to IFRS 9 of 2010, amend the requirements specified in IAS 39 Financial Instruments: Recognition and Measurement regarding the classification and valuation of financial liabilities, the exclusion of financial assets and financial liabilities. Standard retains almost all the existing requirements of IAS 39 relating to the classification and valuation of financial liabilities and exclusion of financial assets and financial liabilities. The Standard requires that the change of fair value regarding the change in credit risk of financial liabilities designated upon initial recognition as measured at fair value through the profit and loss account have been presented in other comprehensive income. The remaining part of the profit or loss from fair value measurement is recognized in profit and loss account of a current period. In case the application of this requirement makes it impossible to match revenues and expenses, then the entire change in fair value shall be recognized in a current period's income statement. The values presented in other comprehensive income shall not be reclassified to the financial results of a current period. They may, however, be reclassified to equity. Under IFRS 9, the valuation of derivative financial instruments that are linked with each other and must be settled by providing not listed equity instruments whose value cannot be reliably determined, shall be carried out at fair value.

Effective date of IFRS 9 and its amendments for annual periods beginning on or after 1 January 2013.

It is expected that at the time of initial application, the new standard and its amendments will affect the future financial statements and comparable data, in accordance with the fact that their retrospective application be required.

IFRS 10 "Consolidated Financial Statements" is applicable to annual periods beginning on or after 1 January 2013. This standard has not been approved by the European Union,

IFRS 11 "Joint ventures" is applicable to annual periods beginning on or after 1 January 2013. This standard has not been approved by the European Union,

IFRS 12 "Disclosures of Interests in Other Entities" is applicable to annual periods beginning on or after 1 January 2013. This standard has not been approved by the European Union,

IFRS 13 "Fair Value Measurement" is applicable to annual periods beginning on or after 1 January 2013. This standard has not been approved by the European Union,

Amendments to IAS 1 "Presentation of Financial Statements" shall be applicable to annual periods beginning on or after 1 July 2012. These amendments have not been approved by the European Union, Amendments to IAS 12 "Taxes – Deferred income tax: future realization an asset's component"

An amendment of 2010 introduces an exception to the currently binding deferred tax valuation rules set forth in paragraph 52 of IAS 12 based on the method of realization. The exception relates to deferred tax on investment property measured at fair value in accordance with IAS 40 by introducing an assumption that only the sale shall constitute the method of these assets' book value realization.

The intentions of the Board shall have no meaning, unless the investment property is amortized and maintained within the business model aimed at consuming substantially all of the economic benefits of a given asset over a period of its life. This is the only case for which this assumption will be able to be rejected.

The effective date for annual periods beginning on or after 1 January 2012.

The influence of initial application of this amendment will depend on the type of assets held and their fair value as at the date of initial application of a Standard. Until the first application of the Standard, the Company assumes that the impact of this standard on future financial statements shall not be significant.

Amendments to IAS 19 "Employee Benefits" shall be applicable to annual periods beginning on or after 1 January 2013. These amendments have not been approved by the European Union,

Amendments to IAS 27 "Separate Financial Statements" shall be applicable to annual periods beginning on or after 1 January 2013. These amendments have not been approved by the European Union,

Amendments to IAS 28 "Investments in Associates and Joint Ventures" shall be applicable to annual periods beginning on or after 1 January 2013. These amendments have not been approved by the European Union.

3. Principles of consolidation

The consolidated financial statement comprises the financial statement of a dominant entity and subsidiaries controlled by the dominant entity, prepared as at 30 June 2011 (comparable data for 2010).

As at the day of the financial statement preparation, ARCUS S.A. had two subsidiaries:

- T-Matic Systems Ltd. (company acquired on 29 July 2008) and
- DocuSoft Ltd. (company acquired on 23 may 2011).

As at the day of acquisition, the assets and liabilities of an acquired entity are valued at fair value. An excess of purchase price over the fair value of identifiable net assets of acquired entity shall be recognized as goodwill. In case, the purchase price is lower than fair value of identifiable net assets of acquired entity, the difference shall be recognized as a profit in the profit and loss account of the period during which the purchase occurred. The share of minority shareholders shall be recognized in the relevant proportion of fair value of assets and capital. In subsequent periods, the losses attributable to minority shareholders (above the value of their shares) shall decrease the equity of a dominant entity.

The financial results of an entity acquired or sold during the financial year are recognized in the consolidated financial statement as from their acquisition or sale.

The consolidated financial statement of the Capital Group has been prepared in line with full consolidation method.

All transactions, balances, revenues and costs between related entities under consolidation are subject to consolidation exclusions.

4. Changes in Accounting Principles

Polish zloty (PLN) shall be the functional and presentation currency of the condensed interim financial statement hereof and quarterly financial information of ARCUS S.A.

During the period covered by this statement, ARCUS S.A. Company and Capital Group did not change the applied accounting principles.

V. ADDITIONAL EXPLANATORY NOTES

5. Sales revenues

The tables below show the geographical structure and structure by type of the Group's sales revenues:

	1 January – 30 June 2011	1 January – 30 June 2010
Revenues from sales of products	74	1 735
Revenues from sales of services	8 755	4 825
Revenues from sales of goods	44 261	72 937
Revenues from sales of materials	0	0
Sales revenues TOTAL, including:	**53 090**	**79 497**
for related entities	781	592

	1 January – 30 June 2011	1 January – 30 June 2010
Domestic sales	52 899	79 378
Sales to foreign customers	191	119
Sales revenues total	**53 090**	**79 497**

6. Seasonality or cyclicality of business operations

The business activities of ARCUS S.A. are not subject to seasonality or cyclicality. The revenues of the Company are generated on the basis of permanent and incidental contracts. The significant share of incidental contracts in the Company's sales (as well as their variable occurrence during the year) leads to the variable level of sales in comparable periods of different years. At the same time, this factor does not have a considerable impact on the comparability of the Company's annual results. ARCUS S.A. successively aims at concluding long-term contracts which will reduce the impact on the results of incidental contracts. The Company attains mentioned objective trough leasing of equipment to customers and development of maintenance, integration and telematics services. It is expected that these areas will continue to increase their share in the Company's revenues and EBITDA.

The business activities of a subsidiary company – T-MATIC SYSTEMS Ltd. are characterized by seasonal variations in the level of sales. The vast majority of sale is realized in the second half of the year. Taking into consideration the current, inconsiderable share of this company in the Group's revenues, mentioned variations do not have a significant impact on the Group's financial result. Business operations developed in the telemetry segment and contracts already concluded should contribute to a significant change in the revenue structure.

The business activities of a subsidiary company – DocuSoft Ltd. are characterized by seasonal variations in the level of sales. The vast majority of sale is realized in the second half of the year. Taking into consideration the current, inconsiderable share of this company in the Group's revenues, mentioned variations do not have a significant impact on the Group's financial result.

7. Business segment's sales results and revenues

The business activity of ARCUS Capital Group has been divided into the following business segments:

- **IT segment** – document lifecycle management systems (office solutions), including solutions, devices, software, services and correspondence management systems (mailstream solutions) dedicated to dispatching centres; services associated with ICT solutions integration,
- **Telematics and Telemetry segment** – vehicles monitoring and management systems and measurement systems for electricity, gas, water and heating,
- **Other services segment** – servicing (maintenance services).

Business segments' data for the period of 1 January 2011 – 30 June 2011:

	Telematics and Telemetry segment	IT segment	Other services segment	TOTAL
Revenues	2 988	45 466	4 636	53 090
Sales to external clients	2 988	45 466	4 636	53 090
Segment's revenues - total	2 988	45 466	4 636	53 090
Segment's result	**-925**	**2 310**	**-1 909**	**-524**
Costs not allocated	-	-	0	9 152
Profit on operating activities	-	-	-	-9 676
Net financial revenues	-	-	-	662
Profit before tax	-	-	-	**-9 014**
Income tax	-	-	-	-1 032
Net profit for the financial year	-	-	-	-7 982
Assets and liabilities				
Segment's assets	6 057	47 199	2 604	55 860
Assets not allocated	-	-	0	33 219
Total assets	**6 057**	**47 199**	**2 604**	**89 079**
Segment's liabilities	1 283	27 110	46	28 439
Liabilities not allocated	-	-	-	2 003
Total liabilities	**1 283**	**27 110**	**46**	**30 442**

Business segments' data for the period of 1 January 2010 – 30 June 2010:

	Telematics and Telemetry segment	IT segment	Other services segment	TOTAL
Revenues	1 699	71 721	6 077	79 497
Sales to external clients	1 699	71 721	6 077	79 497
Segment's revenues - total	1 699	71 721	6 077	79 497
Segment's result	**-924**	**4 906**	**406**	**4 388**
Costs not allocated	-	-	0	5 382
Profit on operating activities	-	-	-	-924
Net financial revenues	-	-	-	100
Profit before tax	-	-	-	**-894**
Income tax	-	-	-	-21

Net profit for the financial year	-	-	-	-873
Assets and liabilities				
Segment's assets	5 792	38 120	2 813	46 725
Assets not allocated	-	-	0	45 216
Total assets	**5 548**	**27 945**	**3 040**	**91 941**
Segment's liabilities	1 410	14 111	45	15 566
Liabilities not allocated	-	-	-	11 308
Total liabilities	**3 969**	**14 192**	**18**	**26 874**

8. Brief description of Capital Group's significant achievements and failures affecting achieved financial result

In the reporting period, the Group has not reported any significant failures.

The consolidated sales in the first half of 2011, consisted of the following inflows of operating segments:

- IT segment – revenues: PLN 45 466 000 (decrease by 36.6%),
- Services segment – revenues: PLN 4 636 000 (decrease by 23.7%),
- Telematics segment – revenues: PLN 2 988 000 (increase by 75.9%).

In the first half of 2011, the Group achieved revenues of PLN 53 090 000, which is the amount by 33% lower comparing to the corresponding period last year. Reduction in the Capital Group's revenues was primarily due to changes in completion dates of orders placed by the Group's customers and delays in inviting and settling tenders arising from the global economic crisis.

Furthermore, the number of long-term contracts concluded by the Group and relating to the lease and outsourcing of systems for printing management, has not yet reached a level that would ensure the coverage of fluctuations with regard to the execution of incidental contracts for the supply of goods offered by the Group.

In the first half of 2011 smaller projects were carried out within the Group's key business areas: printing management systems, correspondence management systems, integration of ICT systems, Telematics and Telemetry, both for business clients and administration. Mentioned contracts concerned the supply, lease and outsourcing of devices. In the Telematics segment, the Group's sales revenues grew by nearly PLN 1 300 000 as compared to the same period last year.

During the reporting period, the Company carried out intensive works associated with the delivery, configuration and integration of integrated platform for printing, copying, scanning and faxing at BRE Bank S.A.

At the same time, ARCUS S.A. and T-matic carried out the works associated with tenders for the delivery of remote energy metering infrastructure. As a consequence of mentioned works, in April 2011 - consortium of ARCUS S.A. and T-matic was selected as one of three contractors to perform a project "PLC technique infrastructure" in the tender proceedings organized by Energa Operator S.A. On 28 June 2011, ARCUS Group concluded with aforementioned company a framework agreement for the period of 8 years. The subject of this agreement is to determine conditions for granting the Realization Orders including a detailed subject and scope of Realization Orders as well as rules concerning the performance of the Orders regarding the technical and information technology (including hardware and software) infrastructure which purpose is to provide the transmission of information from the Counting Infrastructure to the Central System and from the Central System to the Counting Infrastructure as well as to provide the information on energy consumption by the customers. The total estimated value of agreement amounts to approximately PLN 890,000,000. ARCUS S.A. in consortium with its subsidiary T-matic Systems Ltd. has been selected as one of three contractors of the Realization Orders. Therefore, as at the day of the financial statement hereof preparation, it is not determined what share of the budget will fall to ARCUS Capital Group. Nevertheless, it is estimated that by the year 2020 approximately 16 500 000 meters will have been replaced while the remote energy reading systems market in the years 2011 – 2020 is estimated to achieve a value of nearly PLN 7-8 billion.

Due to the decline in sales revenues, the Group's gross profit on sales dropped and amounted to PLN 7 416 000 comparing to PLN 13 855 000 in the first half of 2010. As a consequence, the gross sales margin also decreased and in the first half of 2011 amounted to 14.0% comparing to 17.4% a year earlier. However, it should be noted that the level of gross margin achieved by the Group in the first half of 2011 was higher that the level achieved during the year 2010 (13.7%).

In the first half of 2011, the Group's sales costs increased by 5.8% comparing to the corresponding period last year and amounted to PLN 11 766 000. At the same time, the general and administrative costs decreased by 7.4% as compared to the first half of 2010 and amounted to PLN 3 377 000.

Other operating costs of the Company increased by PLN 1 913 000 comparing to the first half of 2010 mainly due to the revaluation of inventory and financial assets. It resulted in an operating loss at the amount of PLN 9 676 000 comparing to the loss at the amount of PLN 994 000 for the first half of 2010.

In the first half of 2011, the Capital Group's net financial revenues amounted to PLN 704 000 and were by 2.4% lower as compared to net financial revenues achieved in the first half of 2010 (PLN 721 000). The strategy consisting in foreign exchange risk management and investing in short-term secure financial instruments brought the desired effects. In the first half of 2011, fund were invested in bank deposits.

In the first half of 2011, ARCUS Capital Group reported a gross loss at the amount of PLN 9 014 000 comparing to a gross loss amounting to PLN 894 000 reported in the first half of 2010. After the consideration of tax burdens net loss for the first half of 2011 amounted to PLN 7 892 000 (PLN 873 000 of net loss for the corresponding period last year). Net loss attributable to the shareholders of a dominant entity amounted to PLN 7 416 000 comparing to PLN 386 000 of net loss for the first half of 2010.

The selected half-yearly financial data of the Group for the years 2010 – 2011, has been presented in the table below:

	1 January 2011 – 30 June 2011 (PLN THOUSAND)	1 January 2011 – 30 June 2011 (PLN THOUSAND)	CHANGE % 2011 - 2010	1 January 2011 – 30 June 2011 (EUR THOUSAND)	1 January 2011 – 30 June 2011 (EUR THOUSAND)
Net profit on sales	53 090	79 497	-33%	13 382	19 853
EBITDA	-8 832	-273	-3 135%	-2 226	-68
Operating profit (loss)	-9 676	-994	-873%	-2 439	-248
Gross profit (loss)	-9 014	-894	-908%	-2 272	-223
Net profit (loss)	-7 982	-873	-814%	-2 012	-218
Attributable to the shareholders of a dominant entity	-7 416	-386	-1 821%	-1 869	-96
Attributable to the minority shareholders	-566	-487	-16%	-143	-122
Net profit (loss) and diluted net profit (loss) attributable to the shareholders of a dominant entity (PLN / EUR per share)	-1,00	-0,05	-1 821%	-0,25	-0,01
Total assets	89 079	91 941	-3%	22 345	22 177
Liabilities and provisions for liabilities	30 442	26 874	13%	7 636	6 482
Long-term liabilities	10 071	3 090	226%	2 526	745
Short-term liabilities	20 371	23 784	-14%	5 110	5 737
Equity (net assets)	58 637	65 067	-10%	14 709	15 695
Equity attributable to the shareholders of a dominant entity	59 078	64 568	-9%	14 819	15 574
Share capital	740	740	0%	186	178
Number of shares	7 395 157	7 395 157	0%	7 395 157	7 395 157
Book value per share and diluted book value per share attributable to the shareholders of a dominant entity (PLN/EUR)	7,99	8,73	-9%	2,00	2,11

9. Type and amounts of items influencing the assets, liabilities, equity, net financial result or cash flow, which are unusual due to their type, amount and kind of influence

In the first half of 2011, the items influencing the assets, liabilities, equity, net financial result or cash flow, which are unusual due to their type, amount and kind of influence, were not recognized.

10. Type and amounts of changes in accounting estimates reported in current financial year's prior periods, or changes in accounting estimates reported in prior financial years, if they have a significant impact on the current interim period

The tables below present the changes in accounting estimates in the consolidated financial statement for the first half of 2011:

Deferred tax reserve as at 30 June 2011 and as at 30 June 2010:

As at 1 January 2011	1 059
Release	1 059
Creation	1 736
As at 30 June 2011	1 736
As at 1 January 2010	387
Release	387
Creation	742
As at 30 June 2010	742

In the first half of 2011 write-downs of inventory and receivables at the amount of PLN 1 932 000 was recognized.

	1 January – 30 June 2011	1 January – 30 June 2010
Loss on sales of fixed assets	0	0
Cost of repair of insured property	0	0

Donations	0	0
Revaluation of non-financial assets	1 932	58
Other	105	66
Total	**2 037**	**124**

The table below presents the changes in provisions for liabilities:

	30 June 2011	30 June 2010
Opening balance	2 269	1 163
Creation of the provision	**1 488**	**2 123**
Provision for warranty repairs	1 419	2 064
Provision for retirement benefits	69	59
Other	0	0
Use of provisions	**113**	**488**
Provision for warranty repairs	113	488
Provision for retirement benefits		
Release of provisions	**-150**	**109**
Provision for warranty repairs	0	0
Provision for retirement benefits	-150	109
Closing balance	**3 794**	**2 729**

The balance of provisions as at 30 June 2011 and as at 30 June 2010 is presented in the table below:

	30 June 2011	30 June 2010
Provision for warranty repairs	3 518	2 314
Provision for retirement benefits	276	415
Provision for balance sheet audit	0	0
TOTAL	**3 794**	**2 729**
including:		
Long-term part	**1 269**	**1 353**
Provision for warranty repairs	1 046	1 095
Provision for retirement benefits	223	258
Short-term part	**2 525**	**1 376**
Provision for warranty repairs	2 472	1 219
Provision for retirement benefits	53	157
Provision for balance sheet audit	0	0

11. Costs by type

	1 January 2011 – 30 June 2011	1 January 2010 – 30 June 2010
Value of goods sold	39 425	62 033
Outsourced services	5 757	6 694
Remunerations and benefits for employees	9 606	7 184
Consumption of materials and energy	4 249	2 984
Taxes and fees	333	258
Depreciation	844	721
Other costs by type	398	810
TOTAL	60 612	80 684
Change in inventories	-205	271
Costs of operating activities	60 817	80 413
Sales costs	11 766	11 126
General and administrative costs	3 377	3 645
Own sales costs	45 674	65 642

12. Financial revenues and costs

	1 January 2011 – 30 June 2011	1 January 2010 – 30 June 2010
Financial revenues	704	721
Interests received	654	721
Other	50	0
Financial costs	42	621
Interests	30	133
Other	12	488

13. Income tax and effective tax rate

	1 January 2011 – 30 June 2011	1 January 2010 – 30 June 2010
Current income tax	0	398

Deferred income tax	1 032	-377
TOTAL	1 032	21

The effective tax rate is 11% and is lower than the statutory tax rate. The lower tax rate arises from the fact that the deferred income tax asset was not created by T-Matic Systems Ltd. with regard to a tax loss.

14. Profit / loss per share

	1 January 2011 – 30 June 2011	1 January 2010 – 30 June 2010
Weighted average number of shares	7 395 157	7 395 157
Weighted average diluted number of shares	7 395 157	7 395 157
Net profit (loss) per share attributable to the shareholders of a dominant entity	-1.00	-0.05
Diluted profit (loss) per share attributable to the shareholders of a dominant entity	-1.00	-0.05

15. Issue, redemption and repayment of debt and equity securities

During the period covered by the financial statement hereof, the operations associated with issue, redemption and repayment of debt and equity securities were not carried out.

16. Share capital

The share capital of ARCUS S.A. currently amounts to PLN 739,515.70 and is divided into 7,395,157 bearer ordinary shares (A-series, B-series and C-series shares) of nominal value PLN 0.10 each and entitling to 7,395,157 votes. All shares are admitted to public trading on the Warsaw Stock Exchange.

17. Change in fixed assets

	30 June 2011	30 June 2010
Fixed assets		
Lands	0	0

Buildings and structures	0	0
Machinery and devices	837	344
Means of transport	611	497
Other	1 702	809
Fixed assets under construction	0	0
Fixed tangible assets	3 150	1 650

Changes in fixed assets in the period of 1 January 2011 – 30 June 2011:

	Buildings and structures	**Machines and devices**	**Means of transport**	**Other**	**TOTAL**
Gross value					
As at 1 January 2011	0	1 397	1 078	2 400	4 875
Increases		673	234	1 072	1 979
- Acquisition		673	234	1 072	1 979
Decreases	0	124	0	119	243
- sales and liquidation		124	0	119	243
As at 30 June 2011	0	1 946	1 312	3 353	6 611
Redemption					
As at 1 January 2011	0	1 121	605	1 530	3 256
Increases	0	110	96	229	435
- Amortization	0	110	96	229	435
Decreases		122	0	108	230
- sales and liquidation		122	0	108	230
As at 30 June 2011	**0**	**1 109**	**701**	**1 651**	**3 461**
NET as at 30 June 2011	**0**	**837**	**611**	**1 702**	**3 150**

Changes in fixed assets in the period of 1 January 2010 – 30 June 2010:

	Buildings and structures	Machines and devices	Means of transport	Other	TOTAL
Gross value					
As at 1 January 2010	0	1 370	1 023	4 188	6 581
Increases		265	0	204	469
- Acquisition		265	0	204	469
Decreases	0	225	0	2 209	2 434
- sales and liquidation		225	0	2 209	2 434
As at 30 June 2010	0	1 410	1 023	2 183	4 616
Redemption					
As at 1 January 2010	0	1 058	437	1 202	2 697
Increases	0	79	89	173	341
- Amortization	0	79	89	173	341
Decreases	0	71	0	1	72
- sales and liquidation	0	71	0	1	72
As at 30 June 2010	**0**	**1 066**	**526**	**1 374**	**2 966**
NET as at 30 June 2010	**0**	**344**	**497**	**809**	**1 650**

Off-balance-sheet fixed assets

	30 June 2011	30 June 2010
On the basis of lease agreement	2 610	2 508
On the basis of tenancy agreement	0	9
TOTAL	2 610	2 517

18. Financial assets available for sale

Not audited	30 June 2011	30 June 2010
Shares of listed entities	2 282	1 751

Shares of not listed entities	0	0

ARCUS Company holds 346,748 shares TAURON POLSKA ENERGIA (TAURON).
On 30 June 2011 – TAURON Company's share price amounted to PLN 6.58.

19. Cash and cash equivalents

	30 June 2011	30 June 2010
Cash in hand	12	10
Cash at bank	1 876	2 103
Short-term deposits	16 926	29 661
TOTAL	**18 814**	**31 774**

20. Credits and loans

	30 June 2011	30 June 2010
Loans granted by related entities	0	0
Short-term credits		0
TOTAL	**0**	**0**

In the first half of 2011, the Group was not granted any loan or credit guarantees nor guarantees except for those described in the report hereof.

At the same time, as at 30 June 2011 the Company had an agreement No 98/62 of 10 July 1998 regarding a short-term working capital loan signed with PeKaO Bank S.A. and extended with annexes for subsequent periods.

The credit at the amount of PLN 4 000 000 shall be repaid until 30 November 2011. An interest rate on a credit shall be variable and shall be determined on the basis of WIBOR rate increased by the Bank's margin. The debt as at 30 June 2011 amounted to PLN 0.

In the first half of 2011 any of the Group's companies' loan and credit agreements were not terminated. During the period covered by the financial statement hereof, ARCUS S.A. neither declared nor paid the dividend.

21. Dividends paid out or declared

During the period covered by the financial statement hereof, ARCUS S.A. and any of its subsidiaries neither declared nor paid the dividend.

The dominant entity's profit for the year 2010 was allocated at the General Meeting of ARCUS S.A. Shareholders held on 26 May 2011. On the basis of the Resolution No 10 of aforementioned General Meeting, the Company's profit achieved in the financial year ended 31 December 2010 at the amount of PLN 2 255 000 was allocated to the reserve fund. The Capital Group's net consolidated profit for the year 2010 amounted to PLN 268 000.

22. Significant events which occurred after balance sheet day and were not described in the condensed consolidated financial statement

The following events occurred after balance sheet day but did not affect the financial statement hereof:

- On 20 July 2011 Mr. Wojciech Kruszyński submitted to the Company's Supervisory Board and President of the Management Board his resignation as a Vice-President of the Management Board. Mr. Wojciech Kruszyński mentioned personal reasons as a reason of his resignation. His resignation was effective as of 29 July 2011,
- On 26 August 2011, ARCUS S.A. in consortium with its subsidiary – T-Matic Systems Ltd. concluded with Energa-Operator S.A. two Realization Agreements regarding the delivery of electricity metering devices and provision of support services aimed at infrastructure start-up. Total value of agreements – PLN 23 000 000,
- In accordance with the performance of the agreement concluded with Zakłady Ubezpieczeń Społecznych (Social Insurance Institution) on 27 November 2009 for

the post-warranty service of FS 9100 D Kyocera laser printers (current report No 48/2009), the Management Board of ARCUS S.A. with a current report No 4/2011 informed that had received from Zakład Ubezpieczeń Społecznych (Social Insurance Institution) an accounting note stating the burden arising from the delays in carrying out the maintenance inspection in accordance with terms of agreement. The Social Insurance Institution stated that aforementioned agreement had been breached and requested ARCUS S.A. to pay the contractual penalty at the amount of PLN 5,515,440.00 by 14 April 2011. The Social Insurance Institution cites breach of agreement pursuant to which ARCUS S.A. was obliged to carry out the maintenance inspection of mentioned printers at least every 8 months starting from the agreement signing date that is from 27 July 2010. In accordance with aforementioned agreement the delay in compliance with this obligation was the subject of contractual penalty at the amount equal to PLN 120 for each day of delay with regard to each unrepaired printer. In the opinion of the Issuer, the Social Insurance Institution's request to pay a contractual penalty constitutes an unfounded claim. The delay in carrying out the maintenance inspection was the exclusive fault of the Social Insurance Institution and due to that fact it cannot be stated that ARCUS S.A. breached the agreement. Taking the above into consideration, the Social Insurance Institution had no right to request the payment of contractual penalty. In June 2011, the Social Insurance Institution withheld the Company's remuneration at the total amount of PLN 1 849 000 arising from the ongoing maintenance services towards the aforementioned contractual penalty. In the opinion of the Management Board and based on a legal assessment of these events it shall be highly probable that these amounts would have to be returned to the Company with interests due. Therefore, the debtors provision with regard to this claim has not been created as at the balance sheet day, that is as at 30 June 2011. ARCUS S.A. conducts a dialog with the Social Insurance Institution in order to settle a dispute which occurred as a result of different interpretation of the agreement's provisions and breaching the specification of the Order's Key Terms in the tender process.

In the first half of 2011, as well as in the period between the balance sheet day and the date of publication of the interim financial statement hereof, other significant events than above described did not occur.

23. Changes in the structure of ARCUS Capital Group during the reporting period

On 23 May 2011, ARCUS S.A. acquired stocks in the increased share capital of DocuSoft Limited Liability Company with its registered office in Bielsko-Biała for the total amount of PLN 2.000.000.

ARCUS S.A. acquired the following stocks of DocuSoft:

a. 3710 (three thousand seven hundred and ten) new non-preference stocks of nominal value of PLN 500.00 (five hundred) each,

b. 145 (one hundred and forty five) new dividend preference stocks of nominal value of PLN 500.00 (five hundred) each (each preference stock shall participate in dividend in the extent exceeding by a half non-preference stocks),

c. 145 (one hundred and forty five) new dividend and vote preference stocks of nominal value of PLN 500.00 (five hundred) each (each individual preference stock shall participate in dividend in the extent exceeding by a half non-preference stocks and shall entitle to two votes).

ARUS S.A. owns 86.96% of the total number of stocks and shall be entitled to 90.1% of votes at DocuSoft Ltd. Stockholders' General Meeting.

The funds obtained by ARCUS S.A. from shares issue constituted the source of DocuSoft Ltd. stocks acquisition financing.

24. List of changes in continent liabilities or contingent assets which occurred since the financial year's end

	As at 30 June 2011	As at 30 June 2010	Change %
For the benefit of other entities:	**45 012**	**45 941**	**-2%**
1) Bill of exchange liabilities, including issued for:	5 745	7 094	-19%
a) Bank as credit collateral	*4 000*	*4 000*	*0%*
b) Insurance companies due to performance bond granted	*792*	*2 344*	*-66%*
c) Insurance companies due to deposits guarantees	*953*	*750*	*27%*
d) Bills of exchange payable in respect of import letters of credit	17 940	17 380	3%
2) Repossession of warehouses	8 807	8 947	-2%
3) Assignment Of Accounts Receivable	10 000	10 000	0%
4) The pledge on TAURON shares in respect of import letters of credit	2 520	2 520	0%

25. Transactions with related entities

In the first half of 2011, T-matic System Ltd. and DocuSoft Ltd. were the entities directly related to ARCUS S.A. (through the shares held).

ARCUS S.A. together with T-Matic Systems Ltd. and DocuSoft Ltd. make up a Capital Group. In the first half of 2011, ARCUS S.A.

Capital Group's companies did not conclude any transactions with related entities under other than market conditions.

The tables below present the information on all transactions concluded with related entities:

Period / Entity	Sales	Purchase	Receivables	Liabilities	Advance payments granted
2011					
ADD Polska Ltd., Limited Partnership		2 271		6	0
ADD Polska Ltd.					0
Bluetech Civil Law Partnership		48		18	0
eSaldo J.M. Zalewska					0
OBP INCENTIC		183			0
Zakład Doświadczalny Instytutu Zootechniki MEŁNO		190			
Docusoft Ltd.	13	42	42		
Inforsys S.A.	768	172	827		0
T-Matic Systems	0	0	35	13	0
TOTAL	**781**	**2 906**	**904**	**37**	**0**
Loans granted to T-matic Systems Ltd. by members of its Management Board				177	
Loans granted to T-matic Systems Ltd. by ARCUS S.A.			**5 327**		
2010					
ADD Polska Ltd., Limited Partnership			1		
ADD Polska Ltd.			1		
Bluetech Civil Law Partnership	0	48			0
eSaldo J.M. Zalewska		10			
OBP INCENTIC		224			
Zakład Doświadczalny Instytutu Zootechniki MEŁNO		9		4	
Docusoft Ltd.	0	167	0	0	0
Inforsys S.A.	608	20	623	0	608
T-Matic Systems			0		
TOTAL	**608**	**478**	**625**	**4**	**608**
The Management Board of T-Matic Systems – loans received					27

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Michał Czeredys – President of the Management Board

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Prepared by: Grażyna Syryczyńska – Chief Accountant

Warsaw, 31 August 2011.

VI. HALF-YEARLY CONDENSED SEPARATE FINANCIAL STATEMENT OF ARCUS FOR THE FIRST HALF OF 2011

Condensed separate financial statement of ARCUS S.A. for the first half of 2011 prepared in accordance with the International Financial Reporting Standards.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2011

Profit and loss account	**1 January – 30 June 2011**	**1 January – 30 June 2010**	**1 April – 30 June 2011**	**1 April – 30 June 200**
PLN THOUSAND				
Sales revenue	50 691	77 797	23 851	27 494
Own sales cost	-43 806	-64 320	-19 380	-22 655
Gross sales profit (loss)	**6 885**	**13 477**	**4 471**	**4 839**
Other operating revenue	26	9	-1	8
Sales costs	-10 804	-10 370	-5 921	-3 899
General and administrative costs	-2 661	-2 970	-1 473	-2 164
Other operating costs	-2 037	-105	-1 992	-65
Operating profit (loss)	**-8 591**	**41**	**-4 916**	**-1 281**
Financial revenue	878	860	478	-18
Financial costs	-2	-569	106	-533
Result on financial activities	876	291	584	-551
Profit (loss) before tax	**-7 715**	**332**	**-4 332**	**-1 832**
Income tax	1 035	-71	1 038	470
Net profit (loss)	**-6 680**	**261**	**-3 294**	**-1 362**
Profit (loss) per share				
Ordinary and Diluted	-0,90	0,04	-0,45	-0,18

Statement of comprehensive income	**1 January – 30 June 2011**	**1 January – 30 June 2010**	**1 April – 30 June 2011**	**1 April – 30 June 200**
PLN THOUSAND				
Net Profit (loss)	-6 680	261	-3 294	-1 362

Components of other comprehensive income:				
Financial Assets available for sale	-273	-276	104	0
Settlement of hedging instruments	0	0	0	0
Deferred Tax regarding other comprehensive income	52	52	-20	0
Other comprehensive income	-221	-224	84	0
Comprehensive income for the period	**-6 901**	**37**	**-3 210**	**-1 362**
Comprehensive income per share (ordinary and diluted)	-0,93	0,01	-0,43	-0,18

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Assets	As at 30 June 2011	As at 31 December 2010	As at 30 June 2010
PLN THOUSAND			
FIXED ASSETS			
Tangible fixed assets	2 805	1 242	1 175
Intangible Assets	410	498	494
Shares in subsidiaries	5 608	3 598	3 598
Financial assets available for sale	2 282	2 278	1 751
Long term receivables	7 369	4 984	2 452
Deferred income tax assets	3 202	1 471	1 213
TOTAL	**21 676**	**14 071**	**10 683**
CURRENT ASSETS			
Inventory	26 964	28 186	22 562
Short-term investments	5 418	5 248	3 853
Trade and other receivables	16 196	33 691	20 649
Income Tax Receivables			265
Other short-term financial receivables			337
Cash	16 645	41 475	31 622
TOTAL	**65 223**	**108 600**	**79 288**
TOTAL ASSETS	**86 899**	**122 671**	**89 971**

Liabilities	As at 30 June 2011	As at 31 December 2010	As at 30 June 2010
	PLN THOUSAND		
Equity			
Share capital	740	740	740
Reserve Capital from sale of shares at premium	38 024	38 024	38 024
Revaluation capital	-221	-224	-650
Retained earnings	21 728	28 408	26 414
TOTAL	**60 271**	**66 948**	**64 528**
Long-term liabilities			
Provision for deferred income tax	1 634	939	581
Provisions for liabilities	1 246	1 294	516
Other long-term liabilities	4 574	2 638	1 734
TOTAL	**7 454**	**4 871**	**2 831**
Short-term liabilities			
Trade and other liabilities	16 664	49 212	20 870
Income tax liabilities	0	266	0
Provisions for liabilities	2 510	1 374	1 742
TOTAL	**19 174**	**50 852**	**22 612**
TOTAL LIABILITIES	**86 899**	**122 671**	**89 971**

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST HALF OF 2011

Cash Flow Statement	1 January 2011 – 30 June 2011	1 January 2010 – 31 December 2010	1 January 2010 – 30 June 2010
	PLN THOUSAND		
Operating Activities			
Profit (Loss) before Tax	**-7 715**	**2 856**	**332**
Items' Adjustments	**-14 295**	**20 871**	**12 393**
Depreciation	456	702	354
Interests	-825	-1 641	-779
Profit (Loss) on Investment Activities	-5	-10	-3

Change in Inventories	1 222	-10 589	-4 965
Change in receivables	18 958	14 837	28 677
Change in Liabilities and Reserves	-32 509	18 918	-9 024
Change in other Assets	0	0	-896
Income Tax Paid	-266	-949	-949
Other	-1 326	-397	-22
	-22 010	**23 727**	**12 725**
Investment Activities			
Inflows	14	652	305
Inflows proceeding from disposal of intangible assets and tangible fixed assets	5	10	3
Repayment of loans by related entities	9	642	302
Outflows	-1 928	-3 570	-1 678
Outflows for acquisition of tangible fixed assets	-1 928	-720	-469
Loans granted to related entities	0	-2 819	-1 209
Other	0	-31	
	-1 914	**-2 918**	**-1 373**
Financial Activities			
Inflows	1 832	1 923	965
Payment of liabilities arising from financial leases	993	335	105
Interests received	839	1 588	860
Outflows	-2 738	-836	-274
Purchase of DocuSoft shares	-2 010		
Payment of liabilities arising from financial leases	-535	-622	-193
Interest Paid	-193	-214	-81
Net cash used for/received from financial activities	**-906**	**1 087**	**691**
Change in Cash	**-24 830**	**21 896**	**12 043**
Cash at the beginning period	**41 475**	**19 579**	**19 579**
Cash at the end period	**16 645**	**41 475**	**31 622**
Cash of limited disposability	**0**	**0**	**0**

STATEMENT OF CHANGES IN EQUITY

For the period of 1 January 2011 – 30 June 2011

	Core Capital	Capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total
Status as at 1 January 2011	**740**	**38 024**	**28 408**	**-224**	**66 948**
Net profit	0	0	-6 680	0	**-6 680**
Income tax adjusted financial assets available for sale	0	0	0	3	3
Status as at 30 June 2011	**740**	**38 024**	**21 728**	**-221**	**60 271**

For the period of 1 January 2010 – 30 June 2010

	Core Capital	Capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total
Status as at 1 January 2010	**740**	**38 024**	**26 153**	**0**	**64 917**
Net profit	0	0	261	0	**261**
Income tax adjusted financial assets available for sale	0	0	0	-650	-650
Status as at 30 June 2010	**740**	**38 024**	**26 414**	**-650**	**64 528**

For the period of 1 January 2010 – 31 December 2010

	Core Capital	Capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total
Status as at 1 January 2010	**740**	**38 024**	**26 153**	**0**	**64 917**
Net profit	0	0	2 255	0	2 255
Income tax adjusted financial assets available for sale	0	0	0	-224	-224
Status as at 31 December 2010	**740**	**38 024**	**28 408**	**-224**	**66 948**

VII. INFORMATION ON ACCOUNTING PRINCIPLES APPLIED FOR THE PREPARATION OF THE INTERIM CONDENSED UNCONSOLIDATED (SEPARATE) FINANCIAL STATEMENT FOR THE FIRST HALF OF 2011

26. Basis for financial information preparation

The presented unconsolidated (separate) financial statement has been prepared as at 30 June 2011. The comparable data cover the period of 1 January 2010 – 30 June 2010. The Company's financial year is a calendar year.

The financial statement has been prepared based on assumption that the Company would continue its business activities into the foreseeable future. As at the day of financial statement preparation there were no circumstances that could indicate existence of any serious threats to the Company's continuation of its businesses activity.

27. Statement of conformity

The presented financial statement for the period of 1 January 2011 –30 June 2011 as well as comparable data for the period from 1 January 2010 to 30 June 2010 has been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the European Union. In the condensed interim financial statement hereof the same accounting principles as those applied for the preparation of the interim condensed consolidated financial statement of ARCUS Capital Group were applied.

28. Corrections of fundamental errors, reasons for these errors, their titles and the influence of financial implications caused by errors on the financial position, liquidity, financial result and profitability.

There were no corrections of fundamental errors.

29. Changes to the applied accounting principles (policy) and the method of financial statement preparation as compared to previous financial year, reasons for these changes, their titles and the influence of financial implications caused by mentioned changes on the financial position, liquidity, financial result and profitability.

In the first half of 2011, no changes had been made to applied accounting principles (policy) and the method of financial statement preparation.

30. Dividends paid out or declared

During the period covered by the financial statement hereof, ARCUS S.A. neither declared nor paid the dividend.

The dominant entity's profit for the year 2010 was allocated at the General Meeting of ARCUS S.A. Shareholders held on 26 May 2011. On the basis of the Resolution No 10 of aforementioned General Meeting, the Company's profit achieved in the financial year ended 31 December 2010 at the amount of PLN 2 255 000 was allocated to the reserve fund.

The Capital Group's net consolidated profit for the year 2010 amounted to PLN 268 000.

31. Other significant information

Other significant information regarding ARCUS S.A. business activities in the first half of 2011 was presented in the interim consolidated financial statement.

…………………………………..
Michał Czeredys – President of the Management Board

…………………………………..
Prepared by: Grażyna Syryczyńska – Chief Accountant

Warsaw, 31 August 2011.

HALF-YEARLY STATEMENT ON CAPITAL GROUP'S BUSINESS ACTIVITIES PERFORMED IN THE FIRST HALF OF 2011

VIII. HALF-YEARLY STATEMENT ON CAPITAL GROUP'S BUSINESS ACTIVITIES PERFORMED IN THE FIRST HALF OF 2010

32. Description of a Capital Group and its core business activities

ARCUS Capital Group (hereinafter: 'Group', 'Capital Group') consists of:

- ARCUS S.A. – as the Dominant Company,
- T-Matic Systems Ltd. (hereinafter: 'T-Matic') – the subsidiary,
- Docusoft Ltd. (hereinafter: 'Docusoft') – the subsidiary.

ARCUS S.A. Capital Group was established on 29 July 2008 as a result of acquisition of 55% of T-matic Systems Sp. z o.o. (with its registered office in Warsaw) entitling to 55% votes at the mentioned company's General Meeting of Partners.

ARCUS S.A. had acquired 550 stakes for the amount of PLN 3,540,643. ARCUS S.A. had also incurred other costs directly related to the acquisition of shares at the amount of PLN 57,684.36. The total cost of T-matic Systems Sp. z o.o. shares acquisition amounted to PLN 3,598,327.36. As at the day of the financial statement hereof preparation, ARCUS S.A. holds 55% of this company's shares. The entity is subject to consolidation.

On 23 May 2011, ARCUS S.A. acquired stocks in the increased share capital of DocuSoft Limited Liability Company with its registered office in Bielsko-Biała for the total amount of PLN 2.000.000.

ARCUS S.A. acquired the following stocks of DocuSoft:

a. 3710 (three thousand seven hundred and ten) new non-preference stocks of nominal value of PLN 500.00 (five hundred) each,

b. 145 (one hundred and forty five) new dividend preference stocks of nominal value of PLN 500.00 (five hundred) each (each preference stock shall participate in dividend in the extent exceeding by a half non-preference stocks),

c. 145 (one hundred and forty five) new dividend and vote preference stocks of nominal value of PLN 500.00 (five hundred) each (each individual preference stock shall participate in dividend in the extent exceeding by a half non-preference stocks and shall entitle to two votes).

ARUS S.A. owns 86.96% of the total number of stocks and shall be entitled to 90.1% of votes at DocuSoft Ltd. Stockholders' General Meeting.

The funds obtained by ARCUS S.A. from shares issue constituted the source of DocuSoft Ltd. stocks acquisition financing.

Company:	T-matic Systems Ltd.
Registered office and address:	Wiśniowy Business Park, 26 Iłżecka Street, 00-135 Warsaw
Telephone:	+48 22 57 57 333
Fax number:	+48 22 57 57 001
e-mail:	cee@T-Matic.com
www:	www.t-matic.com.pl
The percentage share in the share capital:	55%
The percentage share in the total number of votes:	55%

T-matic Systems Ltd. was established as a limited liability company incorporated by the notarized deed of 27 September 2006 (A Repertory No 1776/2006). The company is recorded by the District Court for the Capital City of Warsaw (XIII Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 00002654060.
Main scope of business activities of T-matic Systems Ltd. shall include:

- Reproduction of recorded media,
- Repair and maintenance of electronic and optical equipment,
- Installation of industrial machinery and equipment,
- Manufacture of computers and peripheral equipment,
- Manufacture of instruments and appliances for measuring, testing and navigation.

T-matic provides:

- systems for vehicles management and monitoring,
- measurement systems based on PLC technology (electricity, gas, water, heat).

Company:	DocuSoft Ltd.
Registered office and address:	153 Warszawska Street, 43-300 Bielsko-Biała
Telephone:	+48 33 810 57 75; + 48 33 810 57 77
Fax number:	+48 33 812 25 18; + 48 33 819 52 25
e-mail:	biuro@docusoft.pl
www:	www.docusoft.pl
The percentage share in the share capital:	86.96%
The percentage share in the total number of votes:	90.1%

Main scope of business activities of DocuSoft Ltd. in accordance with its Articles of Association shall include:

- manufacture of software for document and information management,
- analysis of customer requirements in terms of information flow systems,
- implementation of authorial software,
- implementation of processes realized at the customer on the basis of the software developed,
- trainings in terms of service and administration of implemented software.

33. Changes in the structure of a dominant entity and the Group

In the first half of 2011, ARCUS Capital Group was enlarged as a result of acquiring by the Issuer of 86.96% of shares of DocuSoft Ltd.

In the first half of 2011, there were no changes in the structure of a dominant entity

34. Previously published forecasts

The Management Board of ARCUS S.A. did not publish forecasts regarding the financial results of ARCUS Capital Group and ARCUS S.A. Dominant Company for the year 2011.

35. Share capital and shareholders holding at least 5% of votes at the General Meeting

The share capital of ARCUS S.A. currently amounts to PLN 739,515.70 and is divided into 7,395,157 bearer ordinary shares (A-series, B-series and C-series shares) of nominal value PLN 0.10 each and entitling to 7,395,157 votes. All shares are admitted to public trading on the Warsaw Stock Exchange.

To the best of the Management Board's knowledge, the structure of ARCUS S.A. Dominant Company's shareholders holding at least 5% of votes at the Company's General Meeting as at the day of the report hereof publication is as follows:

Shareholder	Number of shares	Nominal value of shares held (PLN)	Share in capital = share in the total number of votes
MMR Invest SA (1)	4 800 000	480 000,00	64,91%
AIG TFI	600 000	60 000,00	8,11%
Others	1 995 157	199 515,70	26,98%
TOTAL	**7 395 157**	**739 515,70**	**100,00%**

1) Mr Marek Czeredys and Michał Czeredys through MMR Invest SA Company hold 4 800 000 shares of ARCUS S.A. which accounts for 64.91% of share capital and total number of votes at ARCUS S.A. General Meeting

36. Shares held by managing and supervising persons

According to the Company's best knowledge, Members of the Supervisory and Management Boards did not hold the shares of ARCUS S.A. as per 30 June 2011 and as per the date of the financial statement hereof preparation, except for the shares controlled by MMR Invest SA.

The Company's proxy – Mrs Grażyna Syryczyńska as per 30 June 2011 and as per the date of the financial statement hereof preparation holds 2 901 shares accounting for 0.04% of the share capital and total number of votes. In the first half of 2011 there were no changes with regard to the number of shares held.

37. Significant proceedings pending before a court, before a relevant body for conducting arbitration proceedings or before government bodies

In the first half of 2011, any court proceedings of individual or aggregate value of the subject of court dispute exceeding 10% of the Company's equity were not pending against the Company or its subsidiaries.

38. Granted sureties, credits, loans and guarantees

In the first half of 2011, the Group's companies did not grant any sureties, credits, loans or guarantees which total value for a single entity would exceed 10% of the issuer's equity.

Lease agreements

In the first half of 2011, ARCUS S.A. concluded the following lease agreements:

- ✓ with BRE Leasing Ltd. – seven lease agreements of total value amounting to PLN 1 776 000. Agreements were concluded for the period of 36 to 60 months. Printers and multifunction devices (MFP) leased by ARCUS S.A. Company's clients under long-term agreements shall be the subject of mentioned lease agreements. Sola bills together with a bill of exchange declaration and assignment of receivables shall be the collateral of the agreements.

- ✓ with ECS INTERNATIONAL POLSKA Ltd. – four lease agreements of total value amounting to PLN 626 000. Agreements were concluded for the period of 36 months. Printers and multifunction devices (MFP) leased by ARCUS S.A. Company's clients under long-term agreements shall be the subject of mentioned lease agreements. Sola bills together with a bill of exchange declaration and assignment of receivables shall be the collateral of the agreements.

Loans

The value of loans granted by ARCUS S.A. to T-matic Systems Ltd. as at 30 June 2011 amounted to PLN 5 327 000.

39. Other information which according to the issuer is significant for the assessment and changes of its financial and staffing situation as well as financial result of the issuer, including information significant for the assessment of issuer's possibilities to implement its commitments

As at the end of the first half of 2011, the balance sheet total amounted to PLN 89 079 000 and was by 3.1% lower as compared to the corresponding period in 2010 (PLN 91 941 000). As at 30 June 2011 the current assets of value amounting to PLN 65 217 000 (73.2% share in the balance sheet total) constituted the largest item of the balance sheet comparing to PLN 79 129 000 (87.2% of the balance sheet total as at 30 June 2010).

As at the end of June 2011, the inventory of value amounting to PLN 28 272 000 (increase by 14.2% comparing to the first half of 2010) was the major component of the Capital Group's current assets. As a result of inventory revaluation, the reserves at the amount of over PLN 1 800 000 (6% of the inventory value) were created in the first half of 2011.

The second largest item was cash at the amount of PLN 18 814 000 which dropped by 40.8% comparing to the corresponding period of previous year (PLN 31 774 000).

At the same time, in the first half of 2011 the trade and other receivables decreased by 18.8% (PLN 18 131 000) as compared with the first half of 2010. The changes in particular items of the current assets reported in the first half of 2011 were the result of changes in the structure and level of sales revenues reported by the Group in the first half of 2011 compared with the corresponding period last year.

Fixed assets, due to the nature of business activities, have a lower share in the Capital Group's balance sheet total. Despite the increase arising from the enlargement of the ARCUS Capital Group and increase in long-term liabilities, fixed assets amounted to PLN 23 862 000 (share - 26.8%). A year earlier it was retrospectively – PLN 12 812 000 and 13.9%.

Analogous to previous year, in the first half of 2011, ARCUS Capital Group's business activities were financed mainly with equity. As at the end of the first half of 2011 equity amounted to PLN 58 637 000 compared with PLN 65 067 000 as at the end of the same period in 2010. Equity accounted for 65.8% of the balance sheet total compared with 70.8% in the first half of 2010. The value of liabilities increased up to PLN 30 442 000 (PLN 26 874 000 as at 30 June 2010) which at the same time increased the share of liabilities in the balance sheet total up to 34.2% compared with 29.2% a year earlier. The value of reserve for liabilities amounted to PLN 2 525 000 compared with PLN 1 753 000 as at 30 June 2010.

The selected quarterly financial data of the Capital Group for the years 2011 – 2010, has been presented in the table below:

Selected items	30 June 2011	% share 2011	30 June 2010	% share 2010	Change PLN	Change 2011/2010
Fixed assets	23 862	26,8%	12 812	13,9%	11 050	86,2%
Current assets	65 217	73,2%	79 129	86,1%	-13 912	-17,6%
Inventory	28 272	31,7%	24 765	26,9%	3 507	14,2%
Trade and other receivables	18 131	20,4%	22 324	24,3%	-4 193	-18,8%
Cash and cash	18 814	21,1%	31 774	34,6%	-12 960	-40,8%

equivalents						
Income tax receivables	0	0,0%	266	0,3%	-266	-100,0%
Total assets	**89 079**	**100,0%**	**91 941**	**100,0%**	**-2 192**	**-2,4%**

Selected items	30 June 2011	% share 2011	30 June 2010	% share 2010	Change PLN	Change 2011/2010
Equity	59 078	66,3%	65 067	70,8%	-5 490	-8,5%
Provisions for liabilities	3 794	4,3%	2 269	2,5%	1 525	67,2%
Liabilities	26 648	29,9%	24 605	26,8%	2 043	8,3%
- long-term	7 066	7,9%	1 832	2,0%	5 234	285,7%
- short-term	17 846	20,0%	22 031	24,0%	-4 185	-19,0%
Trade liabilities	17 846	20,0%	22 031	24,0%	-4 185	-19,0%
Income tax liabilities	*0*	*0,0%*	*0*	*0,0%*	*0*	
Total Liabilities	**89 079**	**100,0%**	**91 941**	**100,0%**	**-2 192**	**-2,4%**

Employment

As at the end of the first half of 2011 the total employment in the Capital Group amounted to 150 persons and was by 20 persons that is by 16% higher as compared to the first half of 2010. Among all employed persons, 83% were employed by ARCUS S.A. In the first half of 2011, the employment in the Company increased to 124 persons (101 persons as at the end of the first half of 2010). The most significant increase regarded the commercial departments and service, where additionally 19 persons were employed. Employees of sales departments constituted the largest group (42% of all employed in the Company). The employees of service department constituted the second largest group (30% of staff). In other departments, the total employment increased by 3 persons. The table below presents the changes in the structure of persons employed by ARCUS S.A. as at the end of the first half of 2011:

Employment as at	Warehouse employees	Service employees	Accounting Department employees	Commercial employees	Administrative employees	Management Board	TOTAL
30 June 2011	**4**	**42**	**4**	**52**	**20**	**2**	**124**
Share %	3%	34%	3%	42%	16%	2%	100%
30 June 2010	4	31	4	44	16	3	102
Share %	4%	30%	4%	43%	16%	3%	100%
Change	0	11	0	8	4	-1	23
Change %	0%	35%	0%	18%	25%	-33%	23%

In the first half of 2011, the total employment in T-matic increased by 3 persons, that is by 17% as compared with the corresponding period last year. In connection with the development of the part associated Telemetry, three additional employees of the technical department were employed. The remaining additional persons were associated with the and administrative and technical support.

Furthermore, the composition of the Management Board decreased by two members. The employment of a subsidiary (T-matic) as at the end of the first half of 2011, has been presented in the table below:

Employment as at	Technical support employees (Telematics)	Service employees (Energetics)	IT employees	Commercial employees	Administrative employees	Management Board	TOTAL
30 June 2011	6	5	3	2	2.25	2	20.25
Share %	30%	25%	15%	10%	11%	10%	100%
30 June 2010	5	2	3	2	1.25	4	17.25
Share %	29%	12%	17%	12%	7%	23%	100%
Change	1	3	0	0	1	-2	3
Change %	20%	150%	0%	0%	80%	-50%	17%

In the first half of 2011, the total employment in DocuSoft decreased by 5 persons, that is by 46% as compared with the corresponding period last year.

The employment was decreased in the following departments: IT, Commercial Department and Technical Support. The employment of a subsidiary (DocuSoft) as at the end of the first half of 2011, has been presented in the table below:

Employment as at	**Technical support employees (Telematics)**	**Service employees (Energetics)**	**IT employees**	**Commercial employees**	**Administrative employees**	**Management Board**	**TOTAL**
30 June 2011	0.6	0	3	0	0.8	1	5.4
Share %	11%	0%	56%	0%	15%	19%	100%
30 June 2010	1	0	6	2	0	1	10
Share %	10%	0%	60%	20%	0%	10%	100%
Change	-0.4	0	-3	-2	0.8	0	-4.6
Change %	-40%	0%	-50%	-100%	0%	0%	-46%

Management of funds obtained from the public issue of the Company’s shares

The funds obtained from the public issue of shares in the amount not used for the issue purposes are invested in bank deposits.

Other events

Other information, which in the opinion of the Company is significant for the assessment of its human resources, property, financial situation and the possibility to fulfil liabilities, has been presented in subsequent chapters of the financial statement hereof.

40. Description of factors and events with particular consideration of those of unusual nature which may significantly affect the achieved financial results

Extraordinary factors and events other than described in the statement hereof, did not occur.

41. Description of factors which according to the issuer shall affect its financial result with particular consideration of at least the next quarter

In the opinion of the Management Board the following factors may affect the Company's business activities and financial results in the prospect of at least next quarter:

- intensification of acquisition and implementation of projects in the area of printing outsourcing and equipment leasing on the basis of long-term agreements with the use of Kyocera Mita and Pitney Bowes in B2B segment (Business Clients Segment). In these areas, an annex to the cooperation agreement signed in 2010 with Kyocera Mita Europe B.V. may be of significant importance. Under mentioned agreement, which was concluded for an indefinite period, the Company shall be the distributor (on the territory of Poland) of all models of copiers and multifunction devices (MFP) offered by Kyocera,
- further effective implementation of development strategy consisting in expanding the scope of Capital Group's activities in the area of IT solutions and high-value added services, such as Telematics services provided by T-matic (transportation management solutions, remote measurement of utilities, including electricity, etc.);
- carrying out activities aimed at broadening the competence of the Group in areas complementary to ongoing activities;
- acquisition of new projects by ARCUS IT Systems department - implementing projects related to ICT (Information and Communication Technology), including: integration and development of ICT systems, network security, unified communications. This department carried out a number of important projects in the area of ICT and it is planned to make better use of it in subsequent periods,

- implementation of tenders for the significant investment projects, among others in the area of electronic recharging of franking machines, remote reading of electricity; timely execution of won bids and competitive processes,
- dynamization of decision-making processes at key customers, particularly those related to the implementation and settlement of public tenders for the computerization or automation of processes associated with full lifecycle document management systems and correspondence management systems. In this area, activities are planned in order to expand the channels of direct and indirect sales in the Business Clients Segment,
- implementation, together with T-matic, of projects in the area of electricity meter reading devices; creating one of the largest on the Polish market competence centers in the scope of intelligent networks, offering innovative solutions on the Polish market, which are within the sphere of interest of companies distributing the electricity in Poland,
- economic recovery in Poland is associated with the global financial crisis and lack of stabilization on the foreign exchange market, which may negatively affect the demand (related to economic growth rate) for the products offered by the Group. In particular, aforementioned factors affect the Company's customers' willingness to suspend and postpone the investments in IT solutions, which could in turn adversely affect the achieved revenues and generated profits. In the case of economic downturn in future, the relevant steps will be undertaken in order to minimize the negative impact on the business and results achieved by the Group,
- possible increase of interest rates may negatively influence the cost of outstanding lease commitments,
- focusing the Company’s and the Group’s management processes on the optimization and business operations’ profitability increasing as a result of the Issuer’s founders’ involvement in the management and supervision over the Company:

  - Mr. Marek Czeredys – Chairman of the Supervisory Board,
  - Mr. Michał Czeredys – President of the Management Board;

- taking by the Chairman of the Polish Financial Supervision Authority, to the District Court for the City of Warsaw, 5th Criminal Division, a subsidiary prosecution of 9 August 2010 against Mr Witold Czyżewski, Mr Bartłomiej Żebrowski, Mr Adam Kozłowski, Mr Wiktor Kozłowski and Mr Mariusz Bednarski – former members of the Company's Management Board. Mentioned persons are charged with a crime determined in Art. 100.2 read with Art. 56.1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005. In the event of completion of a criminal case with a final judgment convicting the accused (all or individual), the Company may, at least theoretically, bear the responsibility referred to in the provisions of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (Journal of Laws of 2009, No 185, item 1439) and provisions of the Act on the Liability of Collective Entities for Acts Prohibited under Penalty of 28 October 2002 (Journal of Laws No 197, item 1661 as amended),
- in accordance with the performance of the agreement concluded with Zakłady Ubezpieczeń Społecznych (Social Insurance Institution) on 27 November 2009 for the post-warranty service of FS 9100 D Kyocera laser printers (current report No 48/2009), the Management Board of ARCUS S.A. with a current report No 4/2011 informed that had received from Zakład Ubezpieczeń Społecznych (Social Insurance Institution) an accounting note stating the burden arising from the delays in carrying out the maintenance inspection in accordance with terms of agreement. The Social Insurance Institution stated that aforementioned agreement had been breached and requested ARCUS S.A. to pay the contractual penalty at the amount of PLN 5,515,440.00 by 14 April 2011. The Social Insurance Institution cites breach of agreement pursuant to which ARCUS S.A. was obliged to carry out the maintenance inspection of mentioned printers at least every 8 months starting from the agreement signing date that is from 27 July 2010. In accordance with aforementioned agreement the delay in compliance with this obligation was the subject of contractual penalty at the amount equal to PLN 120 for each day of delay with regard to each unrepaired printer. In the opinion of the Issuer, the Social Insurance Institution's request to pay a contractual penalty constitutes an unfounded claim. The delay in carrying out the maintenance

inspection was the exclusive fault of the Social Insurance Institution and due to that fact it cannot be stated that ARCUS S.A. breached the agreement. Taking the above into consideration, the Social Insurance Institution had no right to request the payment of contractual penalty. In June 2011, the Social Insurance Institution withheld the Company's remuneration at the total amount of PLN 1 849 000 arising from the ongoing maintenance services towards the aforementioned contractual penalty. In the opinion of the Management Board and based on a legal assessment of these events it shall be highly probable that these amounts would have to be returned to the Company with interest due. Therefore, the debtors provision with regard to this claim has not been created as at the balance sheet day, that is as at 30 September 2011. ARCUS S.A. conducts a dialog with the Social Insurance Institution in order to settle a dispute which occurred as a result of different interpretation of the agreement's provisions and breaching the specification of the Order's Key Terms in the tender process.

Risk factors

Business activity of ARCUS Capital Group is associated with both external and internal risk factors which may significantly influence the financial situation of the Company. Among significant risks, the following shall be mentioned:

- ***risk associated with general macroeconomic situation*** arising from the fact that demand for products offered by the Group is associated with economic growth rate influencing clients' propensity to engage in investments in IT solutions, which in turn, may negatively affect achieved revenues and generated profits,
- ***risk associated with technological changes and new technologies development*** – relatively short IT solutions' life cycle and associated need for monitoring technological changes as well as for adjusting the product portfolio to market's expectations which may negatively affect the generated profits,
- ***risk associated with performing business activities on niche market*** (document and correspondence management market) and possibility of emergence of competition may negatively affect achieved profits,

- ***risk associated with dependence on suppliers*** arising from the fact that some of system solutions offered by the Group are based on technological platforms supplied by external entities. The sale of external suppliers' goods forms the key source of Group's revenues. The termination of an agreement by one of the suppliers or changes of supply conditions may influence the decrease of Company's sales revenues and Company's financial result,
- ***risk associated with dependence on recipients*** arising from the fact that the Group sells offered products to relatively narrow group of customers whose business activity is connected with processing a significant amount of documents and correspondence. There is a risk that loss of some of the largest recipients may negatively influence the level of sales revenues as well as Group's financial result,
- ***risk associated with the loss of key employees*** – the intellectual capital of Management and employees constitutes significant value of the Group. Loss of above mentioned personnel may negatively affect the effectiveness of business activities. The increased demand on employees on the market and the necessity of employees retention may force increases of remuneration and thus costs increase. The increased cost of employment may negatively affect the Group's financial results,
- ***foreign exchange risk* associated** with fluctuations of exchange rates relationships (EUR/PLN and USD/PLN). The Company as a large importer of the EUR and USD area, incurs (higher than planned) costs of goods purchase (in case PLN is weakening) or achieve lower revenues denominated in foreign currencies (in case PLN is strengthening). Particularly in case of contracts performed in public sector, prices expressed in PLN are not subject to renegotiation.
- Fluctuations of exchange rates (EUR/PLN). The Group as a large importer of the EUR area, incurs (higher than planned) costs of goods purchase (in case PLN is weakening) or achieve lower revenues denominated in foreign currencies (in case PLN is strengthening). Particularly in case of contracts that are being performed in a public sector, prices expressed in PLN are not subject to renegotiation.

The methods of risk management (including financial risk management) applied by the Group's companies shall not differ from risk management principles determined in the Group's financial statement for 2010.

Risk associated with shares

The risk factors associated with shares shall not differ from those described in the financial statement for the year ended 31 December 2010.

Capital management

Capital Management is aimed at preserving the ability to continue the operations and investments implementation, so that generating the desired return for shareholders is possible. The relation of the level of equity to total assets and the relation of debt, loans and financial leasing to EBITDA are constantly monitored.

The interim condensed consolidated financial statement hereof was approved for publication and signed by the Management Board of a dominant entity on 31 August 2011. Together with the interim condensed consolidated financial statement hereof also the interim condensed unconsolidated (separate) financial statement is published (also approved for publication and signed by the Management Board of a dominant entity on 31 August 2011).

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Michał Czeredys – President of the Management Board

Warsaw, 31 August 2011

Warsaw, 31 August 2011

STATEMENTS

The Management Board of ARCUS S.A. hereby declares that Mazars Audyt Ltd. with its registered office in Warsaw at 18 Piękna Street has been selected to review the condensed consolidated half-yearly financial statement of Arcus Capital Group and the condensed separate half-yearly financial statement of Arcus S.A. Company for the first half of 2011, in accordance with applicable law provisions. Mazars Audyt Ltd. as well as statutory auditors whose responsibility was to review the condensed consolidated half-yearly financial statement and the condensed separate half-yearly financial statement for the first half of 2011, satisfied the conditions for preparing impartial and independent auditor’s opinion pursuant to applicable law provisions and professional standards.

The Management Board of ARCUS S.A. hereby declares that to the best of its knowledge, the condensed consolidated half-yearly financial statement as well as comparable data, have been prepared in accordance with applicable accounting rules and shall present fairly and clearly the financial result and all the information essential for the evaluation of the economic and financial position of the Issuer’s Capital Group and the Company. The half-yearly report on the Activities of ARCUS S.A. Capital Group shall comprise a comprehensive view of development and achievements of the Issuer’s Capital Group, including detailed description of fundamental risk.

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Michał Czeredys – President of the Management Board

OPINION OF THE INDEPENDENT CERTIFIED AUDITOR ON THE REVIEW OF THE CONDENSED SEPARATE HALF-YEARLY FINANCIAL STATEMENT OF ARCUS S.A. COMPANY FOR THE PERIOD OF 1 JANUARY 2011 - 30 JUNE 2011

For the Shareholders of ARCUS S.A.

We have reviewed the attached condensed separate half-yearly financial statement of ARCUS S.A. Company with its registered office in Warsaw, 2 Miła Street, consisting of:

1. **condensed interim statement of ARCUS S.A. Company financial position** prepared as at 30 June 2011 with total assets and liabilities of **PLN 86,899,000**
2. **condensed interim statement of comprehensive income** for the period of 1 January 2011 – 30 June 2011, disclosing a net loss at the amount of **PLN 6,680,000** and total negative income of **PLN 6,901,000**
3. **condensed interim statement on changes in equity** for the period of 1 January 2011 – 30 June 2011, disclosing a decrease in equity by **PLN 6,677,000**
4. **condensed interim cash-flow statement** for the period of 1 January 2011 – 30 June 2011, disclosing a decrease in cash by **PLN 24,830,000**
5. **additional information and explanations.**

The Management Board of the Company shall be responsible for the compliance of the attached condensed interim half-yearly financial statement with the International Accounting Standard 34 ‘Interim Financial Reporting’ as approved by European Union and other applicable provisions.

Our responsibility was to review the financial statement hereof.

We have reviewed the financial statement in accordance with the auditing standards issued by the National Council of Statutory Auditors in Poland.

The above mentioned standards shall oblige us to plan and conduct the review to the procedure ensuring that we obtain a reasonable assurance that the financial statement contains no significant irregularities.

The review was based mainly on the analysis of the data included in the financial statement, access to the booking records and use of the information obtained from the Management Board and the persons responsible for the finance and accounting matters of the Company.

The scope and method of the review of the financial statement is significantly different from audits being the basis of the opinion on the reliability, correctness and clarity of the annual financial statement, therefore we cannot express such an opinion in respect of the attached statement.

On the basis of the review conducted, we did not identify anything what could have prevented us from stating that the condensed interim financial statement was prepared in all material aspects in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' approved by European Union.

We do not raise any objections but draw attention to point 22 of the interim condensed consolidated financial statement prepared as at 30 June 2011 where the dispute between ARCUS S.A. and Zakład Ubezpieczeń Społecznych (Social Insurance Institution) is described in detail.

On behalf of

Mazars Audyt Ltd. No 186

Warsaw, 18 Piękna Street

Monika KACZOREK	Monika KACZOREK
Key Certified Auditor No 9686	Partner

Warsaw, 31 August 2011

OPINION OF THE INDEPENDENT CERTIFIED AUDITOR ON THE REVIEW OF THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENT OF ARCUS S.A. CAPITAL GROUP FOR THE PERIOD OF 1 JANUARY 2011 - 30 JUNE 2011

For the Shareholders of ARCUS S.A.

We have reviewed the attached condensed consolidated half-yearly financial statement of ARCUS S.A. Capital Group with its registered office in Warsaw, 2 Miła Street, consisting of:

1. **condensed interim consolidated statement of financial position** prepared as at 30 June 2011 with total assets and liabilities of **PLN 89,079,000**
2. **condensed interim consolidated statement of comprehensive income** for the period of 1 January 2011 – 30 June 2011, disclosing a net loss at the amount of **PLN 7,982,000** and total negative income of **PLN 8,203,000**
3. **condensed interim statement on consolidated changes in equity** for the period of 1 January 2011 – 30 June 2011, disclosing a decrease in equity by **PLN 7,946,000**
4. **condensed interim consolidated cash-flow statement** for the period of 1 January 2011 – 30 June 2011, disclosing a decrease in cash by **PLN 23,325,000**
5. **additional information and explanations.**

The Management Board of the Company shall be responsible for the compliance of the attached condensed interim half-yearly financial statement with the International Accounting Standard 34 'Interim Financial Reporting' as approved by European Union and other applicable provisions.

Our responsibility was to review the financial statement hereof.

We have reviewed the financial statement in accordance with the auditing standards issued by the National Council of Statutory Auditors in Poland.

The above mentioned standards shall oblige us to plan and conduct the review to the procedure ensuring that we obtain a reasonable assurance that the financial statement contains no significant irregularities.

The review was based mainly on the analysis of the data included in the financial statement, access to the booking records and use of the information obtained from the Management Board and the persons responsible for the finance and accounting matters of the Company.

The scope and method of the review of the financial statement is significantly different from audits being the basis of the opinion on the reliability, correctness and clarity of the annual financial statement, therefore we cannot express such an opinion in respect of the attached statement.

On the basis of the review conducted, we did not identify anything what could have prevented us from stating that the condensed interim consolidated financial statement was prepared in all material aspects in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' approved by European Union.

We do not raise any objections but draw attention to point 22 of the interim condensed consolidated financial statement prepared as at 30 June 2011 where the dispute between ARCUS S.A. and Zakład Ubezpieczeń Społecznych (Social Insurance Institution) is described in detail.

On behalf of

Mazars Audyt Ltd. No 186

Warsaw, 18 Piękna Street

Monika KACZOREK	Monika KACZOREK
Key Certified Auditor	Partner
No 9686	

Warsaw, 31 August 2011