



ARCUS S.A. CAPITAL GROUP

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**CONSOLIDATED
FINANCIAL STATEMENT
FOR THE FIRST QUARTER OF 2011**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Warsaw, 13 May 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 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010
	PLN THOUSAND			EUR THOUSAND		
I. Revenues from sales of products, goods and materials	28 432	198 233	51 312	7 154	49 504	12 935
II. Operating Profit (Loss)	-3 994	-744	974	-1 005	-186	246
III. Profit (Loss) Before Tax	-3 795	427	1 724	-955	107	435
IV. Net Profit (Loss)	-3 818	268	1 217	-961	67	307
V. Net Profit (Loss) attributable to Dominant Company's shareholders	-3 623	1 162	1 377	-912	290	347
VII. Total revenues	-4 123	44	1 217	-1 037	11	307
VI. Total revenues attributable to Dominant Company's shareholders	-3 928	938	1 377	-988	234	347
VIII. Net Operating Cash Flow	-15 427	23 516	10 346	-3 882	5 873	2 608
IX. Net Investment Cash Flow	-271	-1 930	-1 432	-68	-482	-361
X. Net Financial Cash Flow	197	685	177	50	171	45
XI. Change in Cash	-15 501	22 271	9 091	-3 900	5 562	2 292
XII. Net Profit (Loss) and diluted net profit (loss) per Share attributable to Dominant Company's shareholders (in PLN/EUR)	-0,49	0,16	0,19	-0,12	0,04	0,05
	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010
	PLN THOUSAND			EUR THOUSAND		
XIII. Total Assets	93 890	124 650	90 158	23 403	31 475	23 344
XIV. Long-Term Liabilities	5 133	5 050	2 733	1 279	1 275	708
XV. Short-Term Liabilities	26 073	53 017	19 021	6 499	13 387	4 925
XVI. Equity	62 684	66 583	68 404	15 625	16 813	17 711
XVII. Equity attributable to Dominant Company's shareholders	62 787	66 491	67 578	15 650	16 789	17 497

XVIII. Share Capital	740	740	740	184	187	192
XIX. Shares Number (weighted average)	7 395 157	7 395 157	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 (in PLN/EUR)	8,49	8,99	9,14	2,12	2,27	2,37

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

- For balance sheet items – 4.0119 - National Bank's of Poland exchange rate applicable on 31 March 2010, 3.9603 - National Bank's of Poland exchange rate applicable on 31 December 2010; 3.8622 - National Bank's of Poland exchange rate applicable on 31 March 2011,
- 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 31 March 2011:
EUR 1 = PLN 3.9742
 - Average exchange rate between 1 January and 31 December 2010:
EUR 1 = PLN 4.0044
 - Average exchange rate between 1 January and 31 March 2010:
EUR 1 = PLN 3.9669

Data regarding the financial information of ARCUS S.A. Dominant Entity

Selected Financial Data	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010
	PLN THOUSAND			EUR THOUSAND		
I. Revenues from sales of products, goods and	26 840	193 177	50 303	6 754	48 241	12 681

materials						
II. Operating Profit (Loss)	-3 675	1 347	1 322	-925	336	333
III. Profit (Loss) Before Tax	-3 383	2 856	2 164	-851	713	546
IV. Net Profit (Loss)	-3 386	2 255	1 623	-852	563	409
V. Total revenues	-3 691	2 031	1 623	-929	507	409
VI. Net Operating Cash Flow	-15 587	23 727	9 601	-3 922	5 925	2 420
VII. Net Investment Cash Flow	-261	-2 918	-376	-66	-729	-95
VIII. Net Financial Cash Flow	239	1 087	236	60	271	59
IX. Change in Cash	-15 609	21 896	9 461	-3 928	5 468	2 385
X. Net Profit (Loss) and diluted net profit (loss) per Share	-0,46	0,30	0,22	-0,12	0,08	0,06
	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010
	PLN THOUSAND			EUR THOUSAND		
XI. Total Assets	93 148	122 671	87 168	23 218	30 975	22 570
XII. Long-Term Liabilities	4 988	4 871	2 430	1 243	1 230	629
XIII. Short-Term Liabilities	24 679	50 852	17 600	6 151	12 840	4 557
XIV. Equity	63 481	66 948	67 138	15 823	16 905	17 383
XV. Share Capital	740	740	740	184	187	192
XVI. Shares Number (weighted average)	7 395 157	7 395 157	7 395 157	7 395 157	7 395 157	7 395 157
XVII. Book value and diluted book value per Share attributable to Dominant Company's shareholders (in PLN/EUR)	8,58	9,05	9,08	2,17	2,29	2,21

**Interim condensed consolidated financial statement for the period
ended 31 March 2011 prepared in accordance with the
International Financial Reporting Standards
approved by the European Union**

**II. CONSOLIDATED FINANCIAL STATEMENT OF ARCUS CAPITAL GROUP FOR THE
FIRST QUARTER OF 2011**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010
Consolidated Profit and Loss Account	Not audited		
Sales revenue	28 432	198 233	51 312
Own sales cost	-25 583	-171 036	-42 430
Gross sales profit (loss)	2 849	27 197	8 882
Other operating revenue	37	96	8
Sales costs	-5 327	-20 988	-6 641
General and administrative costs	-1 508	-6 762	-1 232
Other operating costs	-45	-287	-43
Operating profit (loss)	-3 994	-744	974
Financial revenue	311	1 383	804
Financial costs	-112	-212	-54
Profit (loss) before tax	-3 795	427	1 724
Income tax	-23	-159	-507
Net profit (loss)	-3 818	268	1 217
Attributable to:			
Shareholders of a dominant company	-3 623	1 162	1 377
Minority shareholders	-195	-894	-160
Net profit (loss) annualized	-4 766	268	4 520
Profit (loss) per share attributable to			



**CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF
1 January 2011 – 31 March 2011**

shareholders of the dominant company			
Ordinary and Diluted	-0,49	0,16	0,19

Statement of comprehensive income	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010
	NOT AUDITED		
Net Profit (loss)	-3 818	268	1 217
Components of other comprehensive income:			
Financial Assets available for sale	-377	-276	0
Settlement of hedging instruments	0	0	0
Deferred Tax regarding other comprehensive income	72	52	0
Other comprehensive income	-305	-224	0
Comprehensive income for the period	-4 123	44	1 217
Comprehensive income for the period attributable to:			
Shareholders of a dominant company	-3 928	938	1 377
Minority shareholders	-195	-894	-160

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010
	NOT AUDITED		
FIXED ASSETS			
Intangible Assets	1 880	2 091	2 549
Consolidation goodwill	3 029	3 029	3 029
Tangible fixed assets	1 695	1 619	3 933
Financial assets available for sale	2 177	2 278	3 152
Long term receivables	5 884	4 984	530
Deferred income tax assets	2 048	1 986	836
TOTAL	16 713	15 987	14 029
CURRENT ASSETS			
Inventory	31 484	29 210	21 739
Trade and other receivables	19 061	37 320	25 437
Income Tax Receivables	0	0	0



**CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF
1 January 2011 – 31 March 2011**

Cash	26 632	42 133	28 953
TOTAL	77 177	108 663	76 129
TOTAL ASSETS	93 890	124 650	90 158

Liabilities	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 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
Reserve Revaluation capital	-305	-224	598
Other capital reserves	143	143	143
Retained earnings	24 578	28 201	28 466
TOTAL	62 787	66 491	67 578
Non-controlling entities' share	-103	92	826
Total Equity	62 684	66 583	68 404
Long-term liabilities			
Provision for deferred income tax	1 125	1 059	495
Provisions for liabilities	794	1 353	340
Other long-term liabilities	3 214	2 638	1 898
TOTAL	5 133	5 050	2 733
Short-term liabilities			
Trade and other liabilities	24 259	51 375	16 639
Income tax liabilities	0	266	175
Provisions for liabilities	1 814	1 376	2 207
TOTAL	26 073	53 017	19 021
Other financial liabilities	0	0	0
TOTAL LIABILITIES	93 890	124 650	90 158

CONSOLIDATED CASH FLOW STATEMENT

Cash Flow Statement	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010
	NOT AUDITED		
Operating Activities			
Profit (Loss) before Tax	-3 795	427	1 724
Items' Adjustments	-11 632	23 089	8 622
Depreciation	405	1 533	467
Interest Received	-308	-1 307	-321
Interest Paid	0	0	0
Profit (Loss) on Investment Activities	1	14	0
Change in Inventories	4	-9 572	-2 101
Change in receivables	17 920	18 616	23 360
Change in Liabilities and Reserves	-29 040	15 146	-14 700
Change in other Assets	36	0	2 691
Income Tax Paid	-265	-944	-774
Other	-385	-397	0
Net cash from operating activities	-15 427	23 516	10 346
Investment Activities			
Inflows	-1	10	0
Inflows proceeding from disposal of intangible assets and tangible fixed assets	-1	10	0
Outflows	-270	-1 940	-1 432
Outflows for acquisition of tangible fixed assets	-270	-1 909	-1 401
Other		-31	-31
Net cash used for investment activities	-271	-1 930	-1 432
Financial Activities			
Inflows	667	1 925	332
Inflows from contracted credit and loans	0	2	0
Interest	387	1 588	332
Payment of liabilities arising from financial leases	280	335	0
Outflows	-470	-1 240	-155
Repayment of credit and loans	0	-150	0

Payment of liabilities arising from financial leases	-389	-789	0
Interest Paid	-81	-301	-7
From other Financial Liabilities	0	0	-148
Net cash used for/received from financial activities	197	685	177
Change in Cash	-15 501	22 271	9 091
Cash at the beginning period	42 133	19 862	19 862
Cash at the end period	26 632	42 133	28 953

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period of 1 January 2011 – 31 March 2011

PLN THOUSAND	Equity attributable to dominant entity's shareholders				Minority Interest	TOTAL EQUITY
	Share Capital and capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total		
Status as at 1 January 2011	38 514	28 201	-224	66 491	92	66 583
Net profit	0	-3 623	0	-3 623	-195	-3 818
Financial assets available for sale less deferred tax	0	0	-81	-81	0	-81
Status as at 31 March 2011 (not audited)	38 514	24 578	-305	62 787	-103	62 684

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 (not audited)	38 514	28 201	-224	66 491	92	66 583

For the period of 1 January 2010 – 31 March 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	0	50	0	50	0	50
Net profit		1 377	0	1 377	-160	1 217
Financial assets available for sale less deferred tax	0	0	598	598	0	598
Status as at 31 March 2010 (not audited)	38 514	28 466	598	67 578	826	68 404

Explanatory notes to the consolidated financial statement

1. Information concerning the rules applied for the preparation of the condensed interim consolidated financial statement for the first quarter of 2011

a) information on compliance and general principles of preparation

Presented condensed interim consolidated financial statement has been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' and in compliance with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information to be published by issuers of securities and on conditions of recognition of information required under non-member state legal regulations as equivalent (Journal of Laws No 33, item 259) and shall reflect the financial position of ARCUS Capital Group as at 31 March 2011 (and as at 31 March 2010) as well as its operating results for the period of three months ended 31 March 2011 and 31 March 2010 and cash flows for the period of three months ended 31 March 2011 and 31 March 2010.

The consolidated financial statement has been prepared assuming Group's business continuity in the foreseeable future. As at the day of the financial statement preparation, there are no circumstances indicating a threat to the business continuity.

b) accounting principles applied

The functional and presentation currency of the financial statements and principles applied for converting and calculating the financial data:

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.

The accounting principles applied by the Group did not change in the first quarter of 2011.

2. Business segment data

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 as well as services associated with the integration of ICT solutions (ICT – Information and Communications Technology),
- **Telematics segment** – vehicles monitoring and management systems and measurement systems for electricity, gas, water and heating,
- **Other services segment** – servicing.

Business segments' data for the period of 1 January 2011 – 31 March 2011 (not audited):

	IT segment	Telematics segment	Other services segment	TOTAL
Revenues	23 840	1 767	2 825	28 432
Sales to external clients	23 840	1 767	2 825	25 583
Segment's revenues - total	23 840	1 767	2 825	25 583
Segment's result	-392	-264	-496	-1 152
Costs not allocated	-	-	-	2 842
Profit on operating activities	-	-	-	-3 994
Net financial revenues	-	-	-	199
Profit before tax	-	-	-	-3 795
Income tax	-	-	-	-23
Net profit for the financial year	-	-	-	-3 818
Assets and liabilities				
Segment's assets	38 760	7 093	4 791	50 644
Assets not allocated	-	0	-	43 246
Total assets	62 846	4 011	12 584	93 890
Segment's liabilities	17 696	7 517	331	25 544
Liabilities not allocated	-	-	-	5 662
Total liabilities	29 566	19 625	2 412	31 206

Business segments' data for the period of 1 January 2010 – 31 March 2010:

	IT segment	Telematics segment	Other services segment	TOTAL
Revenues	47 141	1 010	3 161	51 312
Sales to external clients	47 141	1 010	3 161	51 312
Sales between segments	-	-	-	0
Segment's revenues - total	47 141	1 010	3 161	51 312
Segment's result	2 847	-292	530	3 085
Costs not allocated	-	0	-	2 111
Profit on operating activities	-	-	-	974
Net financial revenues	-	-	-	750
Profit before tax	-	-	-	1 724
Income tax	-	-	-	-507
Net profit for the financial year	-	-	-	1 217
Assets and liabilities				
Segment's assets	39 647	5 903	2 778	48 328
Assets not allocated	-	0	-	41 830
Total assets	39 647	5 903	2 778	90 158
Segment's liabilities	11 589	1 614	86	13 289
Liabilities not allocated	-	-	-	8 465
Total liabilities	22 599	4 617	1 287	21 754

3. Costs by type

Not audited	1 January 2011 – 31 March 2011	1 January 2010 – 31 March 2010
Value of goods sold	21 728	40 467
Outsourced services	3 751	3 598
Remunerations and benefits for employees	4 591	3 450
Consumption of materials and energy	1 273	1 875
Taxes and fees	145	136
Depreciation	405	467
Other costs by type	283	437
TOTAL	32 176	50 430
Change in inventories	242	-127

Costs of operating activities	32 418	50 303
Sales costs	5 327	6 641
General and administrative costs	1 508	1 232
Own sales costs	25 583	42 430

4. Financial revenues and costs

Not audited	1 January 2011 – 31 March 2011	1 January 2010 – 31 March 2010
Financial revenues	311	804
Interests received	311	257
Other	0	547
Financial costs	112	54
Interests	3	51
Other	109	3

5. Income tax

Not audited	1 January 2011 – 31 March 2011	1 January 2010 – 31 March 2010
Current income tax	0	286
Deferred income tax	23	221
TOTAL	23	507

6. Change in fixed assets

Changes in fixed assets in the period of 1 January 2011 – 31 March 2011 (not audited):

	Buildings and structures	Machines and devices	Means of transport	Other	TOTAL
(Net) opening balance	0	276	473	870	1 619
Gross value					
As at 1 January 2011	0	1 397	1 078	2 400	4 875
Increases	0	405	206	690	1 301

- Acquisitions	0	405	206	690	1 301
Decreases	0	448	0	706	1 154
- sales and liquidation	0	448	0	706	1 154
As at 31 March 2011	0	1 354	1 284	2 384	5 022
Redemption					
As at 1 January 2010	0	1 121	605	1 530	3 256
Increases	0	50	43	93	186
- Amortization	0	50	43	93	186
Decreases	0	84	0	31	115
- sales and liquidation	0	84	0	31	115
As at 31 March 2011	0	1 087	648	1 592	3 327
NET as at 31 March 2011	0	267	636	792	1 695

Changes in fixed assets in the period of 1 January 2010 – 31 March 2010:

	Buildings and structures	Machines and devices	Means of transport	Other	TOTAL
(Net) opening balance	0	312	586	2 986	3 884
Gross value					
As at 1 January 2010	0	1 370	1 023	4 188	6 581
Increases	0	218	0	113	331
- Acquisitions	0	218	0	113	331
Decreases	0	43	0	0	43
- sales and liquidation	0	43	0	0	43
As at 31 March 2010	0	1 545	1 023	4 301	6 869
Redemption	0				
As at 1 January 2010	0	1 161	331	1 202	2 694
Increases	0	51	46	188	285
- Amortization	0	51	46	188	285
Decreases	0	43	0	0	43
- sales and liquidation	0	43	0	0	43

As at 31 March 2010	0	1 169	377	1 390	2 936
NET as at 31 March 2010	0	376	646	2 911	3 933

7. Financial assets available for sale

Not audited	1 January 2011 – 31 March 2011	1 January 2010 – 31 March 2010
Shares of listed entities	2 177	0
Shares of not listed entities	0	3 152

ARCUS Company holds 346,748 shares TAURON POLSKA ENERGIA (TAURON).

On 31 March 2011 – TAURON Company's share price amounted to PLN 6.28.

8. Change in reserves

Reserves as at 31 March 2011 and as at 31 March 2010

Not audited	1 January 2011 – 31 March 2011	1 January 2010 – 31 March 2010
For warranty repairs and other	2 211	2 080
For retirement benefits	397	406
Other	0	61
TOTAL	2 608	2 547
Including:		
Long-term	794	340
For warranty repairs and other	554	192
For retirement benefits	240	148
Short-term	1 814	2 207
For warranty repairs and other	1 657	1 888
For retirement benefits	157	258
Other	0	61

Change in contingent liabilities or contingent assets which occurred between the end of a financial year and the balance sheet day

Performance and payment guarantees granted by ARCUS S.A. constitute the Company's contingent liabilities. The value of bill of exchange contingent liabilities associated with guarantees amounted to PLN 3 234 000 in the first quarter of 2011. According to Company's anticipations, the need to use guarantees shall not occur.

9. Seasonality and cyclicity

The business activities of ARCUS S.A. are not subject to seasonality or cyclicity. 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.

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.

10. 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.

11. Dividends paid

During the period covered by the financial statement hereof, ARCUS S.A. neither declared nor paid the dividend. Till the day of the financial statement hereof publication, the Ordinary General Meeting of ARCUS S.A. Shareholders did not allocate the profit for the year 2010.

12. Significant events after the reporting period which have not been reflected in the condensed consolidated financial statement

After the balance sheet date there were no significant events that have not been reflected in the financial statement.

After the balance sheet date the following events (not affecting the financial statement hereof) occurred:

- The Management Board of ARCUS S.A. in a current report no 4/2011 notified that received from Zakład Ubezpieczeń Społecznych (Social Insurance Institution; 3 Szamocka Street, Warsaw) an accounting note stating the burden arising from the delays in carrying out the maintenance inspection in accordance with terms of agreement regarding after-warranty services for Kyocera FS 9100 D laser printers concluded with ARCUS S.A. on 27 November 2009 (current report No 48/2009). 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 April 2011 ARCUS S.A. in a consortium with its subsidiary – T-matic Systems Ltd. has been selected as one of three contractors of "PLC technology intermediary infrastructure" in the tender procedure organized by Energa Operator S.A. On 19 April 2011 ARCUS S.A. concluded with Energa Operator S.A.

a framework agreement for the period of 8 years. The total budget of mentioned project exceeds PLN 73 000 000 (net). The project consists in carrying out particular proceedings aimed at granting orders to selected contractors. Energa Operator S.A. is one of the first energy industry companies which have started to implement automatic meter reading systems. By 2020, approximately 16 500 000 meters will have been replaced in Poland. The value of remote energy reading systems' market in the years 2011-2020 shall amount to PLN 7-8 billion.

- The Management Board of ARCUS S.A. in a current report no 6/2011 informed that acting pursuant to Art. 399 Par. 1 of the Commercial Companies Code and in accordance with Par. 6 Title 3.2 and 3.3 of the Company's Articles of Association convened an Ordinary General Meeting of Shareholders ('OGM', 'Ordinary General Meeting') to be held on 26 May 2011 at 11.00 am in the Company's headquarters in Warsaw, at 2 Miła Street with the following agenda:
 1. Opening of the Ordinary General Meeting.
 2. Election of the Chairman of the Ordinary General Meeting.
 3. Statement that the Ordinary General Meeting has been properly convened and is able to adopt resolutions.
 4. Approval of the OGM Agenda.
 5. Review and approval of the Supervisory Board's statement on the results of the assessment of Company's unconsolidated financial statement for the year ended 31 December 2010 and the Management Board's report on Company's activities in 2010.
 6. Review and approval of the Supervisory Board's statement on the results of the assessment of Capital Group's consolidated financial statement for the year ended 31 December 2010 and the Management Board's report on Capital Group's activities in 2010.
 7. Review and approval of the Supervisory Board's statement on the results of the assessment of the Management Board's proposal concerning the allocation of profit for the financial year 2010.
 8. Review and approval of the Supervisory Board's statement on the assessment of its activities in 2010.
 9. Review and approval of the Supervisory Board's statement regarding the assessment of Company's and Capital Group's position in 2010.
 10. Review and approval of the Management Board's reports on Company's and Capital Group's activities in 2010.

11. Review and approval of Company's unconsolidated financial statement and Capital Group's consolidated financial statement for the financial year 2010.
12. Adoption of a resolution concerning the allocation of profit for the financial year 2010.
13. Granting the members of the Management and Supervisory Boards the acknowledgement of the fulfillment of their duties in 2010.
14. Appointment of the Members of the Supervisory Board in accordance with the termination of the three-year term of office:
 - a) Adoption of the Resolution on dismissal of Members of the Supervisory Board in accordance with the termination of the term of office and appointment of Members of the Supervisory Board for a new term of office,
 - b) Adoption of the Resolution on determination of the number of Members of the Supervisory Board,
 - c) Adoption of the Resolutions on the appointment of Members of the Supervisory Board for a new term of office,
 - d) Adoption of the Resolution on the appointment of the Chairman of the Supervisory Board,
 - e) Adoption of the Resolutions on determination of Supervisory Board Members' remuneration.
15. Amendments to the Company's Articles of Association.
16. Closing of the Ordinary General Meeting
 - The Management Board of ARCUS S.A. in a current report no 7/2011 informed that on 28 April 2011, the Company's Supervisory Board appointed Mazars Audyt Ltd. with its registered office in Warsaw at 18 Piękna Street to review the unconsolidated financial statement of ARCUS S.A. Company and consolidated financial statement of ARCUS S.A. Capital Group prepared as at 30 June 2011 and to audit the unconsolidated financial statement of ARCUS S.A. Company and consolidated financial statement of ARCUS S.A. Capital Group prepared as at 31 December 2011. The agreement with aforementioned entity shall be concluded for the period enabling the performance of above mentioned audit activities. Mazars Audyt Ltd. with its registered office in Warsaw at 18 Piękna Street is entered in the list of auditors authorised to audit the financial statements under the number 186. Mazars Audyt Ltd. (previously: MAZARS&GUERARD AUDYT Ltd.) audited the Company's financial statement for the years 2006-2007. In 2007, mentioned entity had also reviewed the Company's half-yearly financial statement. In the

years 2008-2010, Mazars Audyt Ltd. reviewed the Company's extended half-yearly financial statements and audited the consolidated and unconsolidated financial statements of ARCUS S.A. The Supervisory Board has appointed an entity authorized to audit the financial statements in accordance with the Company's Articles of Association and applied corporate governance principles as well as in line with applicable legal provisions and professional standards.

- The Management Board of ARCUS S.A. in a current report no 8/2011 published the content of Draft Resolutions to be discussed at the Ordinary General Meeting of Company's Shareholders convened for 26 May 2011 together with other available materials (including amendments to the Company's Articles of Association) associated with this General Meeting. **Par. 6.1.6 of the Company's Articles of Association in the wording:** 'The representations in the name of the company may be made and obligations incurred by two Members of the Management Board acting jointly or by one Member of the Management Board acting together with a holders of the commercial power of attorney'. **Shall be replaced by:** 'The representations in the name of the company may be made and obligations incurred by the President of the Management Board individually or by two Members of the Management Board acting jointly or by one Member of the Management Board acting together with a holders of the commercial power of attorney'.

II. OTHER INFORMATION TO THE CONSOLIDATED QUARTERLY REPORT

1. Description of the Capital Group and its core business

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.

Dominant Entity

ARCUS S.A. dominant company (hereinafter: the Company, the Issuer) performs its business activities as a joint stock company. Pursuant to the company's Articles of Association, ARCUS S.A. shall be an unlimited duration company. 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 Miła 2 Street. The company is recorded by the District Court for the Capital City of Warsaw (XII Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000271167.

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

ARCUS S.A. company performs its business activity in line with the provisions of the Commercial Companies Code as well as in accordance with the provisions of an Act on Trading in Financial Instruments (of 29 July 2005) and an 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 management systems,
- correspondence management systems and Telematics and Telemetry solutions,

- ICT solutions integration (Information and Communication Technologies).

As at balance sheet day, that is as at 31 March 2011, and as at the day of the financial statement hereof preparation, the composition of the Management Board was as follows:

- Wojciech Kruszyński – President of the Management Board
- Wiktor Różański - Vice-President of the Management Board

The Supervisory Board of ARCUS S.A. accepted the resignation of Konrad Kowalczyk 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.

In accordance with ARCUS Company's Articles of Association, the Company's Supervisory Board shall be composed of 5 to 10 members.

As at 31 March 2011 and as at the day of the financial statement hereof preparation, 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

Capital Group

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. The acquisition of T-matic Systems Sp. z o.o. shall be settled with the use of 'purchase price' method. The entity is subject to consolidation.

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	55%

T-matic Systems Ltd. was established as a limited liability company incorporated by the notarized deed of 27 September 2006 (A Repertory No1776/2006). 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).

Changes in the structure of a Group and dominant entity

In the first quarter of 2011, there were no changes in the structure of a Group and dominant entity.

2. 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.

After first quarter of 2011, ARCUS Capital Group achieved PLN 28,432,000 of revenues which constitutes a decrease by 45% as compared to previous year. The decrease in revenues arises mainly from postponing by clients the dates of projects performance or settlement for next periods. Furthermore, the realization of record-level sales in the fourth quarter of 2010 shall also be recognized as a significant factor which may affect client's purchasing decisions. Moreover, the scale of concluded long-term contracts regarding the lease and outsourcing of output management systems has not yet reached the level that would ensure the coverage of fluctuations in the performance of incidental contracts. Although, in the first quarter of 2011 the Company did not conclude any significant agreements, smaller projects in the following key areas of activities were being performed: document management systems, correspondence management systems, ICT systems integration, Telematics and Telemetry both business partners and public administration. Supplies, leasing and outsourcing of equipment were the subject of above mentioned contracts. Intensive works associated with designing, implementation and maintenance of the integrated platform for printing, scanning, copying and faxing for BRE Bank S.A. were being carried out. Mentioned works should be completed in the second quarter of 2011. ARCUS S.A. in cooperation with its subsidiary – T-matic Systems Ltd. carried out works associated with tenders for the supply of telemetry solutions for electric energy remote reading. In April 2011 ARCUS S.A. concluded with Energa Operator S.A. a framework agreement for the period of 8 years. The total budget of mentioned project exceeds PLN 73 000 000 (net). The project consists in carrying out particular proceedings aimed at granting orders to selected contractors. Therefore, as at the day of the report hereof preparation, the part of the budget which will fall to ARCUS Group is not determined. By 2020, approximately 16 500 000 meters will have been replaced in Poland. The value of remote energy reading systems' market in the years 2011-2020 shall amount to PLN 7-8 billion.

The consolidated sales in the first quarter of 2011 consisted of the inflows of the following operating segments (changes compared to the same period last year):

- IT segment – revenues – PLN 20 991 000 (decrease by 55.55),
- Telematic segment – PLN 1 767 000 (increase by 75.0%),

- Other services segment – revenues – PLN 2 825 000 (decrease by 10.6%).

The decrease in revenues resulted in lower gross profit on sales which amounted to PLN 2 849 000 as compared to PLN 8 882 000 after first quarter of 2010. The gross margin also decreased and after first quarter of 2011 amounted to 10.0% as compared to 17.3% after corresponding period last year. The aggregate operating costs decreased by 13.1% as compared to the first quarter of 2010 (PLN 7 916 000) and amounted to PLN 6 880 000. It resulted in an operating loss at the amount of PLN 3 994 000 as compared to PLN 974 000 of the operating profit a year earlier.

Net financial revenues amounted to PLN 199 000 and were by 73.5% lower as compared to PLN 750 000 of financial revenues achieved in the first quarter of 2010. Strategy of active management of currency risk and investing funds in short-term safe financial instruments brought the desired effects. In the first quarter of 2011, funds were invested in bank deposits.

Jointly, in the first quarter of 2011 the Capital Group showed PLN 3 795 000 of gross loss as compared to PLN 1 724 000 of profit in the corresponding period last year. After the consideration of tax burdens net loss amounted to PLN 3 818 000 comparing to PLN 1 217 000 of net profit after first quarter of 2010. Net loss attributable to the shareholders of a dominant entity amounted to PLN 3 623 000 as compared to PLN 1 377 000 after the corresponding period last year. The selected quarterly financial data of the Company for the years 2010 – 2011, has been presented in the table below:

	31 March 2011 (PLN THOUSAND)	31 March 2010 (PLN THOUSAND)	CHANGE % 2011 - 2010	31 March 2011 (EUR THOUSAND)	31 March 2010 (EUR THOUSAND)
Net profit on sales	28 432	51 312	-45%	7 154	12 935
EBITDA	-3 589	1 441	-349%	-903	363
Operating profit (loss)	-3 994	974	-510%	-1 005	246
Gross profit (loss)	-3 795	1 724	-320%	-955	435
Net profit (loss)	-3 818	1 217	-414%	-961	307
Attributable to the shareholders of a dominant entity	-3 623	1 377	-363%	-912	347
Attributable to the minority shareholders	-195	-160	22%	-49	-40

Total assets	93 890	90 158	4%	23 403	23 344
Liabilities and provisions for liabilities	31 206	21 754	43%	7 778	5 633
Long-term liabilities	5 133	2 733	88%	1 279	708
Short-term liabilities	26 073	19 021	37%	6 499	4 925
Equity (net assets)	62 684	68 404	-8%	15 625	17 711
Equity attributable to the shareholders of a dominant entity	62 787	67 578	-7%	15 650	17 497
Share capital	740	740	0%	184	192
Number of shares	7 395 157	7 395 157	0%	7 395 157	7 395 157
Net profit (loss) per ordinary share attributable to the shareholders of a dominant entity (PLN/EUR)	-0,49	0,19	-363%	-0,12	0,05
Book value per share (PLN/EUR)	8,49	9,14	-7%	2,12	2,37

Net profit (loss) per share

	1 January – 31 March 2011	1 January – 31 March 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) attributable to the shareholders of a dominant entity (PLN THOUSAND)	-3 623	1 377
Net profit (loss) per share attributable to the shareholders of a dominant entity	-0,49	0,19
Diluted profit (loss) per share attributable to the shareholders of a dominant entity	-0,49	0,19

3. Information which according to the company is significant for the assessment of its human resources, property, financial situation, financial result and their changes as well as information important for the assessment of the possibility of the issuer to fulfil its liabilities

The balance sheet total as at the end of the first quarter of 2011 amounted to PLN 93 890 000 and was by 4.1% higher as compared to the corresponding period last year (PLN 90 158 000). Assets of value amounting to PLN 77 177 000 and share of 82.2% constituted the most significant item of a balance sheet (PLN 76 129 000 and 84.4% a year earlier). The inventories of value of PLN 31 484 000 increased by 44.8% as compared to the first quarter of 2010 and were the main component of current assets. Cash at the amount of PLN 26 632 000 decreased by 8.0% (PLN 28 953 000 after the first quarter of 2010) and constituted the subsequent item. Changes in particular items of the working capital are standard and result from the business activity. These changes also reflect the commercial projects realized/performed at the end of the reporting period.

Fixed assets, due to the nature of business, do not constitute a significant share in the balance sheet total. Despite the increase their value amounted to PLN 16 713 000 with the share of 17.8% (a year earlier respectively: PLN 14 029 000, 15.6%).

Analogous to last year, in the first quarter of 2011 the business activities of ARCUS Capital Group were financed mainly with the equity. As at the end of the first quarter of 2011 the equity amounted to PLN 62 684 000 as compared to PLN 68 404 000 after the first quarter of 2010. At the same time the equity's share in the balance sheet total decreased from 75.9% as at the end of the first quarter of 2010 to 66.8% as at the end of this reporting period. The value of liabilities increased to PLN 27 473 000 which resulted in the increase of the share in the balance sheet total from 20.8% to 29.3%. The value of provisions increased from PLN 3 042 000 to PLN 3 733 000.

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

Selected items	31 March 2011	% share 2011	31 March 2010	% share 2010	Change PLN	Change 2011/2010
Fixed assets	16 713	17,8%	14 029	15,6%	2 684	19,1%
Current assets	77 177	82,2%	76 129	84,4%	1 048	1,4%
Inventory	31 484	33,5%	21 739	24,1%	9 745	44,8

<i>Trade and other receivables</i>	19 061	20,3%	25 437	28,2%	-6 376	-25,1%
<i>Cash and cash equivalents</i>	26 632	28,4%	28 953	32,1%	-2 321	-8,0%
<i>Income tax receivables</i>	0	0,0%	0	0,0%	0	-
Total assets	93 890	100,0%	90 158	100,0%	3 732	4,1%

Selected items	31 March 2011	% share 2011	31 March 2010	% share 2010	Change PLN	Change 2011/2010
Equity	62 684	66,8%	68 404	75,9%	-5 720	-8,4%
Provisions for liabilities	3 733	4,0%	3 042	3,4%	691	22,7%
Liabilities	27 473	29,3%	18 712	20,8%	8 761	46,8%
- long-term	3 214	3,4%	1 898	2,1%	1 316	69,3%
- short-term	24 259	25,8%	16 814	18,6%	7 445	44,3%
<i>Trade liabilities</i>	24 259	25,8%	16 639	18,5%	7 620	45,8%
<i>Income tax liabilities</i>	0	0,0%	175	0,2%	-175	-100,0%
Total Liabilities	93 890	100,0%	90 158	100,0%	3 732	4,1%

Employment

As at the end of the first quarter of 2011 the total employment in the Capital Group amounted to 145 persons and was by 28 persons that is by 24% higher as compared to the first quarter of 2010. Among all employed persons, 85% were employed by ARCUS S.A. In the first quarter of 2011, the employment in the Company increased to 124 persons (101 persons as at the end of the first quarter of 2010). The most significant increase regarded the commercial departments and service, where additionally 20 persons were employed. Employees of sales departments constituted the largest group (44% of all employed in the Company). The employees of service department constituted the second large group (31% 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 quarter of 2011:

Employment as at	Commercial employees	Service employees	Warehouse employees	Accounting Department employees	Administrative employees	Management Board	TOTAL
31 March 2011	54	41	4	4	19	2	124
<i>Share %</i>	44%	33%	3%	3%	15%	2%	100%
31 March 2010	44	31	4	4	15	3	101
<i>Share %</i>	44%	31%	4%	4%	15%	3%	100%
Change	10	10	0	0	4	-1	23
Change %	23%	32%	0%	0%	27%	-33%	23%

In the first quarter of 2011, the total employment in T-matic increased by 5 persons, that is by 31% as compared to the corresponding period last year. In connection with the development of the part associated with reading of the electricity, four additional employees of the technical department were employed. The remaining additional persons were associated with the development of the commercial activities (two persons) and administrative support (one person). Furthermore, the composition of the Management Board decreased – Mr Konard Kowalczyk and Mr Adam Zalewski (now serves as President of the Management Board of ADD Polska Ltd.) had left. The employment of a subsidiary (T-matic) as at the end of the first quarter 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
31 March 2011	6	4	3	4	2,25	2	21,25
<i>Share %</i>	28%	19%	14%	19%	11%	9%	100%
31 March 2010	6	0	3	2	1,25	4	16,25
<i>Share %</i>	37%	0%	18%	12%	8%	25%	100%
Change	0	4	0	2	1	-2	5
Change %	0%	-	0%	100%	80%	-50%	31%

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 were deposited in PeKaO S.A. Bank.

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.

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 quarter 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.

4. 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:

- 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.); development of existing business areas, with particular consideration of the development of distribution channels associated with traditional products from the Company's offer such as multifunction devices and devices for mass correspondence management; increasing the share in the revenues from the sales of Kyocera Mita and Pitney Bowes devices in the service model (e.g. lease) in Business Clients Segment,

- intensification of acquisition and implementation of projects in the area of print outsourcing and equipment leasing under long-term contracts,
- 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,
- continued strengthening of commercial departments; intensification of promotional activities; outlays for the promotion of Kyocera multifunction devices, which, despite generating costs should result in revenue growth and improved profitability,
- 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,
- acquisition of companies offering teletransmission, telemetry and IT high-added value services (e.g. IT security), which is a part of the development strategy. Successful acquisitions should enable the development of competences in the areas complementary to existing business activities,
- development of existing business areas, with particular consideration of the development of distribution channels associated with traditional products from the Company's offer such as copiers, printers and devices for mass correspondence management. Increasing the share in the revenues from the sales of Kyocera Mita and Pitney Bowes devices in the service model (e.g. lease) 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,

- economic recovery in Poland is associated with the global financial crisis; 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,
- 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.

5. Description of factors and events, in particular non-recurring ones, which have a significant impact on the performance

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

6. Transactions with related entities

In the first quarter of 2011, T-matic System Ltd. was the entity directly related to ARCUS S.A. (through the shares held). ARCUS S.A. holds 55% of shares in T-matic System Ltd. ARCUS S.A. together with T-matic Ltd. form ARCUS Capital Group.

Moreover, the following entities were ARCUS S.A. Company's related entities in the first quarter of 2011:

- **INFORSYS S.A.** – the major shareholders of ARCUS S.A. are shareholders of INFORSYS S.A. company,
- **DOCUSOFT Ltd.** – one of the major shareholders of Docusoft Ltd. is a first degree relative of shareholders of ARCUS S.A. and INFORSYS S.A.,
- **ZAKŁAD DOŚWIADCZALNY INSTYTUTU ZOOTECHNIKI MEŁNO Ltd.** (Experimental Department of the Animal Technology Institute) – major shareholder of ARCUS S.A. is the major shareholder of ZD IZ MEŁNO Sp. z o.o.
- **KOMA GPS** – Maciej Komorowski – Business of Maciej Komorowski, the Member of T-matic Systems Ltd. Management Board,
- **E’SALDO** Biuro Rachunkowe Janina Maria Zalewska (Accounting Office) – Business of the first degree relative of one of T-matic Systems Ltd. Management Board’s Members,
- **Energio-Zet Z. Zalewski** - Business of the first degree relative of one of T-matic Systems Ltd. Management Board’s Members,
- **ADD Polska Ltd., Limited Partnership** – shareholders and members of the Management Board of T-matic Systems Ltd. and the major shareholder of MMR Invest S.A. are limited partners in a Limited Partnership,
- **ADD Polska Ltd.** - shareholders and members of the Management Board of T-matic Systems Ltd. and the major shareholder of MMR Invest S.A. are the shareholders of the company while one of the members of the Management Board of T-matic Systems Ltd. is a President of the Management Board of this company,
- **Bluetech G.Szyszką, A.Zalewski, G.Ziątek Civil Law Partnership** - shareholders and members of the Management Board of T-matic Systems Ltd. run the business activities under the business name: Bluetech Civil Law Partnership,
- **Polska Dystrybucja Książek S.A.** – member of ARCUS S.A. Supervisory Board, Mr Michał Słoniewski is a member of the Supervisory Board of PDK S.A.,
- **SPA-Invest Ltd.** - member of ARCUS S.A. Supervisory Board, Mr Michał Słoniewski holds 28.56% of the share capital,
- **Prof. Marek Wierzbowski i Partnerzy** (legal office) - member of ARCUS S.A. Supervisory Board, Mr Sławomir Jakszuk is a Partner at this legal office,
- **OBP Incentive & Sports Travel Ltd.** - member of the Supervisory Board is a first degree relative of the major shareholder of the Company.

In the first quarter of 2011, ARCUS S.A. Capital Group’s companies did not conclude any transactions with related entities under other than market conditions.

The table below presents data regarding all transactions concluded with related entities:

Period / Entity	Sales	Purchase	Receivables	Liabilities	Advance payments granted
2010					
DocuSoft Ltd.	0	0	0	0	0
Inforsys S.A.	253	9	393	0	0
T-Matic Systems	0	0	0	0	0
eSaldo J.M. Zalewska	0	24		0	0
BLUTECH S.C. G. Szyszka, A. Zalewski	0	0	0	0	0
ADD Polska Ltd., Limited Partnership	0	0	0	0	0
KOMA GPS M. Komorowski	0	0	0	0	0
TOTAL	253	33	393	0	0
Loans granted to T-matic Systems Ltd. by members of its Management Board				177	
2011					
DocuSoft Ltd.	13	43	0	0	0
Inforsys S.A.	378	170	762	9	0
T-Matic Systems	0	0	0	0	0
Zakład Doświadczalny Instytutu Zootechniki MEŁNO	0	9	0	4	0
eSaldo J.M. Zalewska	0	24	0	10	0
ADD Polska Ltd., Limited Partnership	0	1 140	0	65	0
ADD Polska Ltd.	0	0	0	0	0
Bluetech Civil Law Partnership	0	23	0	11	0
Koma GPS M. Komorowski	0	0	0	0	0
Polska Dystrybucja Książek S.A.	0	0	0	0	0
SPA-INVEST Ltd.	0	0	0	0	0
OBP Incentive	0	224	0	0	0
Prof. Marek Wierzbowski i Partnerzy	0	0	0	0	0
TOTAL	391	1 633	762	99	0

Period	Sales	Purchase	Receivables	Liabilities	Advance payments granted	Loans granted
2010						
Transactions between ARCUS and subsidiary company	9	266	1	125	0	5 247
Transactions of ARCUS and subsidiary company concluded with related entities by managing and supervising entities and persons	253	33	393	0	0	177
2011						
Transactions between ARCUS and subsidiary company	481	1 331	697	8	0	5 327
Transactions of ARCUS and subsidiary company concluded with related entities by managing and supervising entities and persons	391	1 633	762	99	0	0

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

In the first quarter 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.

8. 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.

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 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 S.a.r.l. (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 is a dominant shareholder in MMR Invest S.A.

In the period between the date of submitting the previous interim financial statement and the date of the financial statement hereof publication, ARCUS S.A. Company did not receive any information concerning the change in the shareholding structure.

9. Shares held by managing and supervising persons

According to the Company's knowledge, Members of the Supervisory and Management Boards did not hold the shares of ARCUS S.A. as per 31 March 2011 and as per the date of the financial statement hereof preparation.

The Company's proxy – Mrs Grażyna Syrczyńska as per 31 March 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 quarter of 2011 there were no changes with regard to the number of shares held.

Members of the Supervisory Board holds the shares, stakes or sit on boards of the following entities:

Mr Michał Słoniewski holds:

- ✓ 1011 shares of Spa-Invest Ltd. (Tourism industry company) accounting for 28.56% of the share capital and serves as a President of the Management Board of this company,
- ✓ 357 shares of Centrum Edukacji Turystycznej Ltd. (Education industry company) accounting for 29.75% of the share capital and serves as a President of the Management Board of this company,
- ✓ 50% of shares in Max Civil Law Partnership Jolanta and Michał Słoniewski.

Mr Sławomir Jakszuk is a Partner at Prof. Marek Wierzbowski and Partners Legal Office. Mrs Elżbieta Niebisz serves as a Vice-President of the Management Board at Elektrim-Volt S.A. and holds 50% of shares in Elmar Invest Ltd.

Members of the Supervisory and Management Board of ARCUS S.A. do not hold shares or stakes in ARCUS S.A. Company's related entities.

10. Granted sureties, credits, loans and guarantees

In the first quarter 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 quarter 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. – two lease agreements of total value amounting to PLN 626 000. 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.

Loans

The value of loans granted by ARCUS S.A. to T-matic Systems Ltd. as at 31 March 2011 amounted to PLN 5 327 000.

11. 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.

III. UNCONSOLIDATED FINANCIAL STATEMENT OF ARCUS S.A. COMPANY FOR THE FIRST QUARTER OF 2011

Statement of ARCUS S.A. financial position

(PLN THOUSAND)

Not audited	As at 31 march 2011	As at 31 December 2010	As at 31 march 2010
FIXED ASSETS			
Intangible Assets	1 351	1 242	3 439
Tangible fixed assets	454	498	533
Shares in subsidiaries	3 598	3 598	3 598
Financial assets available for sale	2 177	2 278	3 152
Long term receivables	5 884	4 984	530
Deferred income tax assets	1 570	1 471	563
TOTAL	15 034	14 071	11 815
CURRENT ASSETS			
Inventory	29 139	28 186	19 650
Short term investments	5 328	5 248	2 882
Trade and other receivables	17 781	33 691	23 781
		-	
Cash and its equivalents	25 866	41 475	29 040
TOTAL	78 114	108 600	75 353
TOTAL ASSETS	93 148	122 671	87 168

(PLN THOUSAND)

Statement of financial position – Not audited	As at 31 march 2011	As at 31 December 2010	As at 31 march 2010
Equity			
Share capital	740	740	740
Capital reserve from sale of shares at premium	38 024	38 024	38 024
Reserve Revaluation capital	-305	-224	598

Retained earnings	25 022	28 408	27 776
	63 481	66 948	67 138
Long-term liabilities			
Provisions for deferred income tax	1 021	939	289
Provisions for liabilities	753	1 294	340
Other long-term liabilities	3 214	2 638	1 801
	4 988	4 871	2 430
Short-term liabilities			
Trade and other liabilities	22 867	49 212	15 253
Income tax liabilities	0	266	175
Provisions for liabilities	1 812	1 374	2 172
	24 679	50 852	17 600
Other financial liabilities	0	0	0
TOTAL LIABILITIES	93 148	122 671	87 168

Statement of ARCUS S.A. comprehensive income

(PLN THOUSAND)

Profit and loss account / not audited	As at 31 march 2011	As at 31 December 2010	As at 31 march 2010
Sales revenue	26 840	193 177	50 303
Own sales cost	-24 426	-166 981	-41 665
Gross sales profit (loss)	2 414	26 196	8 638
Other operating revenue	27	40	1
Sales costs	-4 883	-19 333	-6 471
General and administrative costs	-1 188	-5 384	-806
Other operating costs	-45	-172	-40
Operating profit (loss)	-3 675	1 347	1 322
Financial revenue	400	1 646	878
Financial costs	-108	-137	-36
Result on financial activities	292	1 509	842
Profit (loss) before tax	-3 383	2 856	2 164

Income tax	-3	-601	-541
Net profit (loss)	-3 386	2 255	1 623
Profit (loss) per share			
Ordinary	-0,46	0,30	0,22
Diluted	-0,46	0,30	0,22
Profit (loss) for the period	-3 386	2 255	1 623
Other comprehensive income			
Financial assets available for sale	-377	-276	0
Settlement of hedging instruments	0	0	0
Income tax regarding other comprehensive income	72	52	0
Other net comprehensive income	-305	-224	0
Total income for the period	-3 691	2 031	1 623
Total income (loss) per share: ordinary, diluted	-0,50	0,27	0,22

STATEMENT OF CHANGES IN EQUITY

For the period of 1 January 2011 – 31 March 2011

(not audited)

	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	-3 386	0	-3 386
Income tax adjusted financial assets available for sale	0	0	0	-81	-81
Status as at 31 March 2011 (not audited)	740	38 024	25 022	-305	63 481

For the period of 1 January 2010 – 31 March 2010

(not audited)

	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	1 623	0	1 623
Income tax adjusted financial assets available for sale	0	0	0	598	598
Status as at 31 March 2010 (not audited)	740	38 024	27 776	598	67 138

For the period of 1 January 2010 – 31 December 2010

(not audited)

	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 (not audited)	740	38 024	28 408	-224	66 948

Cash Flow Statement

	1 January 2011 – 31 March 2011	1 January 2010 – 31 December 2010	1 January 2010 – 31 March 2010
Operating Activities			
Profit (Loss) before Tax	-3 383	2 856	2 164
Items Adjustments	-12 204	20 871	7 437
Depreciation	204	702	298
Interest Received	-400	-1 641	-332
Profit (Loss) on Investment Activities	1	-10	0
Change in Inventories	-953	-10 589	-2 052
Change in accounts receivable	16 153	14 837	24 537
Change in Liabilities and Reserves	-26 558	18 918	-14 130
Change in other Liabilities	0	0	-79
Income Tax Paid	-266	-949	-774
Other	-385	-397	-31
	-15 587	23 727	9 601
Investment Activities			
Inflows	8	652	0
Inflows proceeding from disposal of intangible assets and tangible fixed assets	-1	10	0
Repayment of loans by related entities	9	642	0
Outflows	-269	-3 570	-376
Outflows regarding acquisition of tangible fixed assets	-269	-720	0
Loans granted to related entities	0	-2 819	-376
Other outflows	0	-31	
	-261	-2 918	-376
Financial Activities			
Inflows	666	1 923	332
Financial leases	280	335	0
Interests received	386	1 588	332
Outflows	-427	-836	-96
Payment of liabilities arising from financial leases	-351	-622	-96
Interest Paid	-76	-214	0

	239	1 087	236
Change in Cash	-15 609	21 896	9 461
Cash at the period beginning	41 475	19 579	19 579
Cash at the period end	25 866	41 475	29 040

The interim condensed consolidated financial statement hereof was approved for publication and signed by the Management Board of a dominant entity on 13 May 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 13 May 2011).

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Wojciech Kruszyński – President of the Management Board

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Wiktor Różański – Vice-President of the Management Board

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Prepared by: Grażyna Syrczyńska – Chief Accountant

Warsaw, 13 May 2011.

