



**ARCUS S.A. CAPITAL GROUP**

**[www.arcus.pl](http://www.arcus.pl)**

**CONSOLIDATED  
FINANCIAL STATEMENT  
FOR THE FOURTH QUARTER OF 2010**

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

**Warsaw, 1 March 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	Four Quarters of 2010 incrementally	Four Quarters of 2009 incrementally	Four Quarters of 2010 incrementally	Four Quarters of 2009 incrementally
	PLN THOUSAND		EUR THOUSAND	
I. Revenues from sales of products, goods and materials	198 524	119 487	49 576	27 528
II. Operating Profit (Loss)	-744	699	-186	161
III. Profit (Loss) Before Tax	427	1 292	107	298
IV. Net Profit (Loss)	268	991	67	228
V. Net Profit (Loss) attributable to Dominant Company's shareholders	1 162	1 026	290	236
VII. Total revenues	44	991	11	228
VI. Total revenues attributable to Dominant Company's shareholders	938	991	234	228
VIII. Net Operating Cash Flow	23 161	-5 601	5 784	-1 290
IX. Net Investment Cash Flow	-1 899	-1 382	-474	-318
X. Net Financial Cash Flow	952	1 346	238	310
XI. Change in Cash	22 214	-5 637	5 547	-1 299
XII. Net Profit (Loss) and diluted net profit (loss) per Share attributable to Dominant Company's shareholders (in PLN/EUR)	0,16	0,14	0,04	0,03
	<u>As at 31 December 2010</u> <u>PLN THOUSAND</u>	<u>As at 31 December 2009</u> <u>PLN THOUSAND</u>	<u>As at 31 December 2010</u> <u>EUR THOUSAND</u>	<u>As at 31 December 2009</u> <u>EUR THOUSAND</u>
XIII. Total Assets	125 047	103 498	31 575	25 193
XIV. Long-Term Liabilities	5 050	2 627	1 275	639

XV. Short-Term Liabilities	53 017	34 072	13 387	8 294
XVI. Equity	66 808	66 539	16 869	16 197
XVII. Equity attributable to Dominant Company's shareholders	66 716	65 553	16 846	15 957
XVIII. Share Capital	740	740	187	180
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 (in PLN/EUR)	9,02	8,86	2,28	2,16

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

- For balance sheet items – 3.9603 - National Bank's of Poland exchange rate applicable on 31 December 2010, 4.1082 - National Bank's of Poland exchange rate applicable on 31 December 2009;
- 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 December 2010:  
EUR 1 = PLN 4.30044
  - Average exchange rate between 1 January and 31 December 2009:  
EUR 1 = PLN 4.3406

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

Selected Financial Data	Four Quarters of 2010 incrementally	Four Quarters of 2009 incrementally	Four Quarters of 2010 incrementally	Four Quarters of 2009 incrementally
	PLN THOUSAND		EUR THOUSAND	
I. Revenues from sales of products, goods and materials	193 177	113 859	48 241	26 231
II. Operating Profit (Loss)	1 347	577	336	133

III. Profit (Loss) Before Tax	2 856	1 441	713	332
IV. Net Profit (Loss)	2 255	1 121	563	258
V. Total revenues	2 031	1 121	507	258
VI. Net Operating Cash Flow	23 372	-4 705	5 837	-1 084
VII. Net Investment Cash Flow	-2 887	-2 925	-721	-674
VIII. Net Financial Cash Flow	1 354	1 833	338	422
IX. Change in Cash	21 839	-5 797	5 454	-1 336
X. Net Profit (Loss) and diluted net profit (loss) per Share	0,30	0,15	0,07	0,03
	<u>As at 31 December 2010 PLN THOUSAND</u>	<u>As at 31 December 2009 PLN THOUSAND</u>	<u>As at 31 December 2010 EUR THOUSAND</u>	<u>As at 31 December 2009 EUR THOUSAND</u>
XI. Total Assets	123 068	100 123	31 075	24 372
XII. Long-Term Liabilities	4 871	2 307	1 230	562
XIII. Short-Term Liabilities	50 852	32 639	12 840	7 945
XIV. Equity	67 173	64 917	16 962	15 802
XV. Share Capital	740	740	187	180
XVI. Shares Number (weighted average)	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)	9,08	8,78	2,29	2,14

**I. Interim condensed consolidated financial statement prepared in accordance with the International Financial Reporting Standards approved by the European Union**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Assets	As at 31 December 2010	As at 31 December 2009
NOT AUDITED	PLN THOUSAND	
<b>FIXED ASSETS</b>		
Intangible Assets	2 091	1 664
Consolidation goodwill	3 029	3 029
Tangible fixed assets	1 619	3 884
Financial assets available for sale	2 278	2 523
Long term receivables	4 984	534
Deferred income tax assets	2 210	491
<b>TOTAL</b>	<b>16 211</b>	<b>12 125</b>
<b>CURRENT ASSETS</b>		
Inventory	29 210	19 639
Trade and other receivables	37 336	51 630
Income Tax Receivables	0	28
Cash	42 290	20 076
<b>TOTAL</b>	<b>108 836</b>	<b>91 373</b>
<b>TOTAL ASSETS</b>	<b>125 047</b>	<b>103 498</b>

Liabilities	As at 31 December 2010	As at 31 December 2009
<b>NOT AUDITED</b>	<b>PLN THOUSAND</b>	
<b>Equity (attributable to the shareholders of the dominant company)</b>		
Share capital	740	740
Reserve Capital from sale of shares at premium	37 856	37 631
Reserve Revaluation capital	-224	0
Other capital reserves	143	143
Retained earnings	28 201	27 039
<b>TOTAL</b>	<b>66 716</b>	<b>65 553</b>
<b>Non-controlling entities' share</b>	92	986
<b>Total Equity</b>	<b>66 808</b>	<b>66 539</b>
<b>Long-term liabilities</b>		
Provision for deferred income tax	1 059	387
Provisions for liabilities	1 353	340
Other long-term liabilities	2 638	1 900
<b>TOTAL</b>	<b>5 050</b>	<b>2 627</b>
<b>Short-term liabilities</b>		
Trade and other liabilities	51 084	32 963
Income tax liabilities	266	286
Provisions for liabilities	1 667	823
<b>TOTAL</b>	<b>53 017</b>	<b>34 072</b>
Other financial liabilities	172	260
<b>TOTAL LIABILITIES</b>	<b>125 047</b>	<b>103 498</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Statement of comprehensive income	01.01- 31.12.2010	01.01- 31.12.2009	01.10- 31.12.2010	01.10- 31.12.2009
<b>Consolidated Profit and Loss Account NOT AUDITED</b>	<b>PLN THOUSAND</b>			
Sales revenue	198 524	119 487	81 457	60 727
Own sales cost	-171 327	-97 801	-72 470	-49 417
<b>Gross sales profit (loss)</b>	<b>27 197</b>	<b>21 686</b>	<b>8 987</b>	<b>11 310</b>
Other operating revenue	96	135	9	31
Sales costs	-20 988	-14 539	-5 088	-6 324
General and administrative costs	-6 762	-6 371	-1 720	418
Other operating costs	-287	-212	-141	143
<b>Operating profit (loss)</b>	<b>-744</b>	<b>699</b>	<b>2 047</b>	<b>5 578</b>
Financial revenue	1 383	1 644	336	351
Financial costs	-212	-1 051	-122	47
<b>Profit (loss) before tax</b>	<b>427</b>	<b>1 292</b>	<b>2 261</b>	<b>6 400</b>
Income tax	-159	-301	-457	-436
<b>Net profit (loss) from Continued business activity</b>	<b>268</b>	<b>991</b>	<b>1 804</b>	<b>5 964</b>
<b>Net profit (loss)</b>				
Attributable to:				
<b>Shareholders of a dominant company</b>	<b>1 162</b>	<b>1 026</b>	<b>2 021</b>	<b>5 875</b>
<b>Minority shareholders</b>	<b>-894</b>	<b>-35</b>	<b>-217</b>	<b>89</b>
<b>Profit (loss) per share attributable to shareholders of the dominant company</b>				
Ordinary and Diluted	0,16	0,14	0,31	0,81

Statement of comprehensive income NOT AUDITED	01.01- 31.12.2010	01.01- 31.12.2009	01.10- 31.12.2010	01.10- 31.12.2009
	PLN THOUSAND			
Net Profit (loss)	268	991	1 804	5 964
Components of other comprehensive income:				
Financial Assets available for sale	-276		160	
Settlement of hedging instruments	0		-40	
Deferred Tax regarding other comprehensive income	52		-30	
Other comprehensive income	-224		90	
<b>Comprehensive income for the period</b>	<b>44</b>	<b>991</b>	<b>1 894</b>	<b>5 964</b>

#### CONSOLIDATED CASH FLOW STATEMENT

Cash Flow Statement NOT AUDITED	For the period of 1 January 2010 – 31 December 2010	For the period of 1 January 2009 – 31 December 2009
	PLN THOUSAND	
<b>Operating Activities</b>		
Profit (Loss) before Tax	427	1 292
Items' Adjustments	22 734	-6 893
Depreciation	1 533	1 368
Interest Received	-1 307	-1 631
Interest Paid	0	42
Profit (Loss) on Investment Activities	14	-4
Change in Inventories	-9 572	-1 366
Change in receivables	18 646	-3 975
Change in Liabilities and Reserves	15 059	-451



Change in other Assets	0	54
Income Tax Paid	-944	-740
Other	-695	-190
<b>Net cash from operating activities</b>	<b>23 161</b>	<b>-5 601</b>
<b><i>Investment Activities</i></b>		
<b>Inflows</b>	10	4
Inflows proceeding from disposal of intangible assets and tangible fixed assets	10	4
<b>Outflows</b>	-1 909	-1 386
Outflows for acquisition of tangible fixed assets	-1 909	-1 386
<b>Net cash used for investment activities</b>	<b>-1 899</b>	<b>-1 382</b>
<b><i>Financial Activities</i></b>		
<b>Inflows</b>	2 192	1 849
Inflows from share issue	0	10
Inflows from contracted credit and loans	2	0
Interest	1 855	1 839
Payment of liabilities arising from financial leases	335	0
<b>Outflows</b>	-1 240	-503
Repayment of credit and loans	-150	-300
Payment of liabilities arising from financial leases	-789	-151
Interest Paid	-301	-52
From other Financial Liabilities	0	0
<b>Net cash used for/received from financial activities</b>	<b>952</b>	<b>1 346</b>
<b>Change in Cash</b>	<b>22 214</b>	<b>-5 637</b>
<b>Cash at the beginning period</b>	<b>20 076</b>	<b>25 713</b>
<b>Cash at the end period</b>	<b>42 290</b>	<b>20 076</b>
including: of limited disposability	174	214

**STATEMENT OF CHANGES IN CONSOLIDATED EQUITY**

*For the period of 1 January 2010 – 31 December 2010*

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		
<b>Status as at 1 January 2010</b>	<b>38 514</b>	<b>27 039</b>	<b>0</b>	<b>65 553</b>	<b>986</b>	<b>66 539</b>
Period's total comprehensive income	0	1 162	-224	<b>938</b>	<b>-894</b>	<b>44</b>
Tax regarding IPO costs	225	0		<b>225</b>	<b>0</b>	<b>225</b>
<b>Status as at 31 December 2010 (not audited)</b>	<b>38 739</b>	<b>28 201</b>	<b>-224</b>	<b>66 716</b>	<b>92</b>	<b>66 808</b>

*For the period of 1 January 2009 – 31 December 2009*

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		
<b>Status as at 1 January 2009</b>	<b>38 503</b>	<b>25 925</b>	<b>1</b>	<b>64 429</b>	<b>1 057</b>	<b>65 486</b>
Current Period's adjustments		88	0	<b>88</b>	<b>-36</b>	<b>52</b>
Period's total comprehensive income	1	1 026	-1	<b>1 026</b>	<b>-35</b>	<b>991</b>
Shares issue	10	0	0	<b>10</b>	<b>0</b>	<b>10</b>
<b>Status as at 31 December 2009</b>	<b>38 504</b>	<b>27 039</b>	<b>0</b>	<b>65 553</b>	<b>986</b>	<b>66 539</b>

## 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 fourth quarter of 2010

#### 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 December 2010 (and as at 31 December 2009) as well as its operating results for the period of three and twelve months ended 31 December 2010 and 31 December 2009 and cash flows for the period of twelve months ended 31 December 2010 and 31 December 2009.

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.

## 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 2010 – 31 December 2010 (not audited):

	IT segment	Telematics segment	Other services segment	TOTAL
Revenues	181 625	5 354	11 545	198 524
Sales to external clients	181 625	5 354	11 545	198 524
Sales between segments	-	-	-	0
Segment's revenues - total	181 625	5 354	11 545	198 524
<b>Segment's result</b>	<b>6 383</b>	<b>-2 035</b>	<b>292</b>	<b>4 640</b>
Costs not allocated	-	-	-	5 384
Profit on operating activities	-	-	-	-744
Net financial revenues	-	-	-	1 171
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>427</b>
Income tax	-	-	-	-159
Net profit for the financial year	-	-	-	268
<b>Assets and liabilities</b>				
Segment's assets	62 846	4 011	12 584	79 441
Assets not allocated	-	0	-	45 606
<b>Total assets</b>	<b>62 846</b>	<b>4 011</b>	<b>12 584</b>	<b>125 047</b>
Segment's liabilities	29 566	19 625	2 412	51 603
Liabilities not allocated	-	-	-	6 636
<b>Total liabilities</b>	<b>29 566</b>	<b>19 625</b>	<b>2 412</b>	<b>58 239</b>

Business segments' data for the period of 1 January 2009 – 31 December 2009:

	<b>IT segment</b>	<b>Telematics segment</b>	<b>Other services segment</b>	<b>TOTAL</b>
Revenues	103 370	5 632	10 485	119 487
Sales to external clients	103 370	5 632	10 485	119 487
Sales between segments	-	-	-	0
Segment's revenues - total	103 370	5 632	10 485	119 487
<b>Segment's result</b>	<b>4 572</b>	<b>345</b>	<b>1 082</b>	<b>5 999</b>
Costs not allocated	-	0	-	5 300
Profit on operating activities	-	-	-	699
Net financial revenues	-	-	-	593
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 292</b>
Income tax	-	-	-	-301
Net profit for the financial year	-	-	-	991
<b>Assets and liabilities</b>				
Segment's assets	58 548	6 386	2 349	67 283
Assets not allocated	-	0	-	36 215
<b>Total assets</b>	<b>58 548</b>	<b>6 386</b>	<b>2 349</b>	<b>103 498</b>
Segment's liabilities	22 599	4 617	1 287	28 503
Liabilities not allocated	-	-	-	8 456
<b>Total liabilities</b>	<b>22 599</b>	<b>4 617</b>	<b>1 287</b>	<b>36 959</b>

### 3. Costs by type

<b>Not audited</b>	<b>1 January 2010 – 31 December 2010</b>	<b>1 January 2009 – 31 December 2009</b>
Value of goods sold	159 860	91 043
Outsourced services	14 283	10 765
Remunerations and benefits for employees	15 132	11 129
Consumption of materials and energy	5 585	1 865
Taxes and fees	591	339
Depreciation	1 533	1 369
Other costs by type	2 355	2 280
<b>TOTAL</b>	<b>199 339</b>	<b>118 790</b>
Change in inventories	-262	-79

Costs of operating activities	199 077	118 711
Sales costs	20 988	14 539
General and administrative costs	6 762	6 371
<b>Own sales costs</b>	<b>171 327</b>	<b>97 801</b>

#### 4. Financial revenues and costs

Not audited	31 December 2010	31 December 2009
Financial revenues	<b>1 383</b>	<b>1 824</b>
Interests received	1 383	1 674
Other		150
Financial costs	<b>212</b>	<b>1 051</b>
Interests	77	98
Other	135	953

#### 5. Income tax

Not audited	31 December 2010	31 December 2009
Current income tax	<b>-928</b>	<b>-273</b>
Deferred income tax	<b>769</b>	<b>-28</b>
<b>TOTAL</b>	<b>-159</b>	<b>-301</b>

#### 6. Change in fixed assets

Changes in fixed assets in the period of 1 January 2010 – 31 December 2010 (not audited):

	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		128	105	389	622
- Acquisitions		128	105	389	622
		0		0	0

Decreases	0	101	50	2 177	2 328
- sales and liquidation		101	50	2 177	2 328
As at 31 December 2010	<b>0</b>	<b>1 397</b>	<b>1 078</b>	<b>2 400</b>	<b>4 875</b>
Redemption					
As at 1 January 2010	0	1 058	437	1 202	2 697
Increases	0	161	178	334	673
- Amortization	0	161	178	334	673
					0
Decreases	0	98	10	6	114
- sales and liquidation		98	10	6	114
<b>As at 31 December 2010</b>	<b>0</b>	<b>1 121</b>	<b>605</b>	<b>1 530</b>	<b>3 256</b>
<b>NET as at 31 December 2010</b>	<b>0</b>	<b>276</b>	<b>473</b>	<b>870</b>	<b>1 619</b>

Changes in fixed assets in the period of 1 January 2009 – 31 December 2009:

	<b>Buildings and structures</b>	<b>Machines and devices</b>	<b>Means of transport</b>	<b>Other</b>	<b>TOTAL</b>
(Net) opening balance	0	341	678	700	1 719
Gross value					
As at 1 January 2009	478	1 257	930	1 681	4 346
Increases		177	93	2 557	2 827
- Acquisitions		177	93	386	656
leasing				2 171	2 171
Decreases	478	64	0	50	592
- sales and liquidation		64	0	50	114
As at 31 December 2009	<b>0</b>	<b>1 370</b>	<b>1 023</b>	<b>4 188</b>	<b>6 581</b>
Redemption					
As at 1 January 2009	478	916	252	981	2 627
Increases	0	205	185	272	662
- Amortization	0	205	185	272	662
					0
Decreases	478	63	0	51	592

- sales and liquidation	478	63	0	51	592
<b>As at 31 December 2009</b>	<b>0</b>	<b>1 058</b>	<b>437</b>	<b>1 202</b>	<b>2 697</b>
<b>NET as at 31 December 2009</b>	<b>0</b>	<b>312</b>	<b>586</b>	<b>2 986</b>	<b>3 884</b>

## 7. Financial assets available for sale

Not audited	31 December 2010	31 December 2009
Shares of listed entities	2 278	
Shares of not listed entities	0	2 523

In 2006, ARCUS S.A. Company acquired 70.000 shares of Południowy Koncern Energetyczny (The Southern-Poland Power Company). The purchase price amounted to PLN 2 523 000. On 31 March 2010 shares of The Southern Poland Power Company were exchanged for 3,120,730 shares of TAURON POLSKA ENERGIA, which were consolidated to 346,748 shares. Since the end of June 2010, the shares of TAURON POLSKA ENERGIA are listed on the Warsaw Stock Exchange. On 31 December 2010 - TAURON share price amounted to PLN 6.57.

## 8. Change in reserves

Reserves as at 31 December 2010 and as at 31 December 2009

Not audited	31 December 2010	31 December 2009
For warranty repairs and other	2 605	757
For retirement benefits	415	406
<b>TOTAL</b>	<b>3 020</b>	<b>1 163</b>
Including:		
<b>Long-term</b>	<b>1 353</b>	<b>340</b>
For warranty repairs and other	1 095	192
For retirement benefits	258	148
<b>Short-term</b>	<b>1 667</b>	<b>823</b>
For warranty repairs and other	1 510	565
For retirement benefits	157	258



## **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. The decisions regarding the allocation of ARCUS S.A. Dominant Entity's profit for the year 2009, had been made at the General Meeting of Shareholders on 27 May 2010. On the basis of the Resolution No 21 of aforementioned General Meeting of Shareholders, the Company's profit at the amount of PLN 1,121,462.63 achieved in the financial year ended 31 December 2009, had been allocated to the capital reserve.

**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.

**II. OTHER INFORMATION TO THE CONSOLIDATED QUARTERLY REPORT**

**1. Description of the Capital Group and its core business**

ARCUS S.A. dominant company (hereinafter: 'the Company', 'the Issuer') performs its business activities as a joint stock company with its registered office in Warsaw at 2 Miła 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 since 19 June 2008. All shares of ARCUS S.A. Company are admitted to exchange trading on the Warsaw Stock Exchange Main Market.

<b>Company:</b>	<b>ARCUS S.A.</b>
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:	<a href="mailto:biuro@arcus.pl">biuro@arcus.pl</a>
www:	<a href="http://www.arcus.pl">www.arcus.pl</a>

As at balance sheet day, that is as at 31 December 2010, the composition of the Management Board was as follows:

- Wojciech Kruszyński – President of the Management Board
- Konrad Kowalczuk - Vice-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. As at the day of 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

As at 31 December 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

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

<b>Company:</b>	<b>T-matic Systems Ltd.</b>
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:	<a href="mailto:cee@t-matic.com">cee@t-matic.com</a>
www:	<a href="http://www.t-matic.com.pl">www.t-matic.com.pl</a>
The percentage share in the share capital:	55%
The percentage share in the total number of	55%

The main scope of business activities of ARCUS Capital Group includes the following areas:

- document management systems

- correspondence management systems
- ICT solutions integration (ICT – Information and Communications Technologies)
- solutions and services associated with Telematics and Telemetry

## **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 four quarters of 2010, ARCUS Capital Group achieved PLN 198,500,000 of revenues which constitutes an increase by 66% as compared to 2009 (PLN 119,500,000). The increase with regard to unconsolidated revenues was higher and amounted to as much as 70% (PLN 193,100,000 – in 2010; PLN 113,800,000 – in 2009).

The unconsolidated net profit at the amount of PLN 2,250,000 was by 100% higher than the profit achieved a year earlier. Due to the costs incurred by T-Matic Systems Ltd. for the proper preparation of projects on the Telemetry market, the consolidated net profit decreased by 70% up to PLN 268,000. Nevertheless, the net profit attributable to the shareholders of a Dominant Entity increased by 13% (PLN 1,000,000 – in 2009; PLN 1,160,000 – in 2010).

In the fourth quarter of 2010, ARCUS successfully pursued a strategy of key business areas development: document management systems, correspondence management systems, ICT systems integration, Telematics and Telemetry. The Company had also concluded several significant contracts with both business partners and public administration. Supplies, leasing and outsourcing of equipment were the subject of above mentioned contracts.

The contract concluded with of the Polish largest banks – BRE Bank S.A as regards the design, supply, implementation and maintenance of the integrated platform for printing, scanning, copying and faxing was the most significant contract concluded in last quarter of the previous year. The value of 60-month contract amounts to PLN 60,000,000 and covers all Bank's branches on the territory of Poland.

Apart from improving the offer in terms of print and mass correspondence management, the Company has also been dynamically developing the integrating activities on IT

market. Ten-odd contracts concluded since the beginning of 2010 by ARCUS Company's branch in Lodz – ARCUS IT Systems, have been supported by successive contracts concluded in the fourth quarter of the year. One of above mentioned contracts was concluded with Lodz Voivodship within the implementation of 'Lodz Voivodship Regional Medical Information System' project co-funded by the European Regional Development Fund. The agreement obliged ARCUS S.A. to computerization of health-care centers on the territory of Lodz Voivodship, planning, implementation and securing the regional platform integrating the data communication systems by adjusting them to the systems for settlements with the payer (NFZ – National Health Fund) and to the requirements of interoperability and standards of electronic data interchange. The value of mentioned agreement exceeded PLN 9,000,000 (net). ARCUS had also finalized several contracts with different organizational units of the Ministry of Defence (total value of agreements – approximately PLN 24,000,000).

Concluded contracts, which are being performed by ARCUS IT Systems, confirm the full operational capability of this branch established around the end of 2009. These contracts may also confirm the growing potential of the Company as well as the relevance of ARCUS S.A. business strategy adopted by the Management Board for coming years. IT environments integration processes in commercial and public administration enterprises in Poland within the process of building the Information Society and adjusting the procedures to the European Union's directives should be recognized as the factors that will probably influence the development of ICT integration market.

ARCUS Group and T-matic Systems Ltd. also offer the Telemetry Systems. The Energy Industry is one of the Polish economy's sectors interested in such solutions. The power plants in Poland are obliged to implement the automatic meter reading systems. Till the end of 2020, approximately 16,500,000 meters will have been replaced in Poland. The value of the automatic meter reading systems market between 2011 and 2020 is estimated to be equal to PLN 7-8 billion. In 2009 and 2010, T-matic Systems (a subsidiary company of ARCUS) had been intensively developing technologically advanced Telemetry solutions (solutions for the remote electricity reading). This area is very promising, though is associated with necessity to incur significant costs. Such costs influenced T-matic Systems Company's results for the year 2010. Nevertheless, these expenses were necessary to perform the projects which should bring a profit in the first

half of 2011. Investments in this area of T-matic Systems Company's business activities are financed with loans granted by ARCUS.

Reaching the Management Board's objective aimed at ensuring the stability of Shareholders' investments and associated with the increase of sales of equipment lease services or processes outsourcing (printing processes) should constitute another important factor influencing ARCUS Group's results.

Aforementioned contracts are generally long-term contracts concluded for 36-60 months and generating the profits in the medium and long term. The specificity of these contracts requires the costs to be incurred at the beginning (environmental audits, delivery of the equipment, systems integration). The monthly revenues arising from contracts usually cover these costs in a long term, while the profits occur in the long perspective. The margins resulting from such contracts are much higher than devices sales margins. This guarantees not only stable cash receipts and covering part of fixed costs but also enables, in a long-term, the decrease of the dependence of revenues and results on economic situation and incidental contracts.

### **3. 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:

- Final settlement of announced tenders and conclusion of the relevant agreements (particularly in terms of Telemetry) which value may significantly influence revenues and results achieved in next quarter;
- Increasing the sales of high-margin goods and services;
- Development of B2B direct and indirect sales channels. In the short period it may increase the costs of operating activities, whereas in the long term should reduce the role of public sector in revenues and at the same time increase the revenues from business sector;
- Further implementation of new development strategy which envisages extending Company's operations in the field of Information and Communication Technology with particular consideration of products of high added value, e.g. Telematics

services provided by T-matic Company (solutions for transport management and remote media measurement);

- Acquisition of companies which offer includes services characterized by high added value;
- Economic situation in Poland affecting the demand for products offered by the Group;
- Fluctuations of exchange rates relationships (EUR/PLN and USD/PLN). The Group 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 that are being performed in a public sector, prices expressed in PLN are not subject to renegotiation. Also on the commercial orders market, the Group did not have the possibility to renegotiate contracts concluded in domestic currency due to strong competition on market;
- Possible increase of interest rates may negatively influence the cost of outstanding lease commitments.

**4. 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.

**5. Transactions with related entities**

In 2010, the transactions with related entities were not concluded on other than market conditions.

Period	Sales	Purchase	Receivables	Liabilities	Advance payments granted	Loans granted
<b>2010 – not audited</b>						
Transactions between ARCUS and subsidiary company	9	266	1	125	2 278	5 248
Transactions of ARCUS and subsidiary company	764	742	601	64	1 314	

concluded with related entities by managing and supervising entities and persons						
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Period	Sales	Purchase	Receivables	Liabilities	Advance payments granted	Loans granted
<b>2009</b>						
Transactions between ARCUS and subsidiary company	3	489	0	0		2 803
Transactions of ARCUS and subsidiary company concluded with related entities by managing and supervising entities and persons	1 149	207	227	66		

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

In the fourth quarter of 2010, 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.

**7. 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:



<b>Shareholder</b>	<b>Number of shares = Number of votes</b>	<b>Nominal value of shares held (PLN)</b>	<b>Share in capital = share in the total number of votes</b>
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%
<b>TOTAL</b>	<b>7 395 157</b>	<b>739 515,70</b>	<b>100,00%</b>

Mr. Marek Czeredys holds indirectly through MMR 4 800 000 ARCUS S.A. Company's shares accounting for 64.91% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company.

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.

#### **8. Shares held by managing and supervising persons**

Shares and entitlements to shares held by managing and supervising persons as at 31 December 2010 and as at the day of submitting the financial statement hereof:

	<b>Number of shares = Number of votes / Nominal value (PLN)</b>	<b>Share in capital (= share in the total number of votes)</b>
Grażyna Syrczyńska - Proxy	2 901 / 290,1	0,04%

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 number of 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 December 2010 and as per the date of the financial statement hereof preparation.

### **9. Granted sureties, credits, loans and guarantees**

In the fourth quarter, 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.

### **10. 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 2010.

### III. UNCONSOLIDATED FINANCIAL STATEMENT OF ARCUS S.A. COMPANY FOR THE FOURTH QUARTER OF 2010

#### Statement of ARCUS S.A. financial position

Not audited	As at 31 December 2010	As at 31 December 2009
	<b>PLN THOUSAND</b>	
<b>FIXED ASSETS</b>		
Intangible Assets	1 242	3 362
Tangible fixed assets	498	532
Shares in subsidiaries	3 598	3 598
Financial assets available for sale	2 278	2 523
Long term receivables	4 984	534
Other long-term investments	0	0
Deferred income tax assets	1 696	317
<b>TOTAL</b>	<b>14 296</b>	<b>10 866</b>
<b>CURRENT ASSETS</b>		
Inventory	28 186	17 597
Short term investments	0	2 803
Trade and other receivables	38 954	49 064
	-	-
Cash and its equivalents	41 632	19 793
<b>TOTAL</b>	<b>108 772</b>	<b>89 257</b>
<b>TOTAL ASSETS</b>	<b>123 068</b>	<b>100 123</b>

Statement of financial position – Not audited	As at 31 December 2010	As at 31 December 2009
<b>Equity</b>		
Share capital	740	740
Capital reserve from sale of shares at premium	38 249	38 024
Reserve Revaluation capital	-224	0
Retained earnings	28 408	26 153
	<b>67 173</b>	<b>64 917</b>
<b>Long-term liabilities</b>		
Provisions for deferred income tax	939	165
Provisions for liabilities	1 294	340
Other long-term liabilities	2 638	1 802
	<b>4 871</b>	<b>2 307</b>
<b>Short-term liabilities</b>		
Trade and other liabilities	49 212	31 504
Income tax liabilities	266	286
Provisions for liabilities	1 374	849
	<b>50 852</b>	<b>32 639</b>
Other financial liabilities	172	260
<b>TOTAL LIABILITIES</b>	<b>123 068</b>	<b>100 123</b>

**Statement of ARCUS S.A. comprehensive income**

Statement of comprehensive income	01.01-31.12.2010	01.01-31.12.2009	01.10-31.12.2010	01.10-31.12.2009
	<b>PLN THOUSAND</b>			
Sales revenue	193 177	113 859	78 498	97 464
Own sales cost	-166 981	-94 585	-70 023	-81 128
<b>Gross sales profit (loss)</b>	<b>26 196</b>	<b>19 274</b>	<b>8 475</b>	<b>16 336</b>
Other operating revenue	40	111	0	77
Sales costs	-19 333	-13 935	-4 531	-10 643
General and administrative costs	-5 384	-4 697	-1 422	-3 153
Other operating costs	-172	-176	-44	-280
<b>Operating profit (loss)</b>	<b>1 347</b>	<b>577</b>	<b>2 478</b>	<b>2 337</b>
Financial revenue	1 646	1 824	408	1 429
Financial costs	-137	-960	-106	-1 429
<b>Profit (loss) before tax</b>	<b>2 856</b>	<b>1 441</b>	<b>2 780</b>	<b>2 337</b>
Income tax	-601	-320	-544	-246
<b>Net profit (loss)</b>	<b>2 255</b>	<b>1 121</b>	<b>2 236</b>	<b>2 091</b>
<b>Profit (loss) per share</b>				
Ordinary	0.30	0.15	0.30	0.28
Diluted	0.30	0.15	0.30	0.28
Profit (loss) for the period	2 255	1 121	2 236	2 091
Other comprehensive income				
Financial assets available for sale	276		160	

Settlement of hedging instruments	-	-	40	
Income tax regarding other comprehensive income	52	-	30	
Other net comprehensive income	224		90	
<b>Total income for the period</b>	<b>2 031</b>	<b>1 121</b>	<b>2 326</b>	<b>2 091</b>

## STATEMENT OF CHANGES IN EQUITY

*For the period of 1 January 2010 – 31 December 2010*

	Core Capital	Capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total
<b>Status as at 1 January 2010</b>	<b>740</b>	<b>38 024</b>	<b>26 153</b>	<b>0</b>	<b>64 917</b>
Comprehensive income for the period - TOTAL	0	0	2 255	-224	<b>2 031</b>
Tax regarding IPO costs	0	225	0		<b>225</b>
<b>Status as at 31 December 2010 (not audited)</b>	<b>740</b>	<b>38 249</b>	<b>28 408</b>	<b>-224</b>	<b>67 173</b>

*For the period of 1 January 2009 – 31 December 2009*

	Core Capital	Capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total
<b>Status as at 1 January 2009</b>	<b>730</b>	<b>37 773</b>	<b>25 281</b>	<b>1</b>	<b>63 785</b>
Comprehensive income for the period - TOTAL	0	251	872	-1	<b>1 122</b>
Shares issue	10	0	0		<b>10</b>
<b>Status as at 31 December 2009</b>	<b>740</b>	<b>38 024</b>	<b>26 153</b>	<b>0</b>	<b>64 917</b>

## Cash Flow Statement

	1 January 2010 – 31 December 2010	1 January 2009– 31 December 2009
	<b>PLN THOUSAND</b>	
<b>Operating Activities</b>		
Profit (Loss) before Tax	2 856	1 441
Items Adjustments	20 516	-6 146
Depreciation	702	714
Interest Received	-1 641	-1 823
Profit (Loss) on Investment Activities	-10	-4
Change in Inventories	-10 589	-1 679
Change in accounts receivable	14 867	-4 492
Change in Liabilities and Reserves	18 831	1 637
Change in other Liabilities	0	68
Income Tax Paid	-949	-377
Other	-695	-190
	<b>23 372</b>	<b>-4 705</b>
<b>Investment Activities</b>		
<b>Inflows</b>	652	4
Inflows proceeding from disposal of intangible assets and tangible fixed assets	10	4
Inflows from Financial Assets In Other Entities	642	0
<b>Outflows</b>	-3 539	-2 929
Outflows regarding acquisition of tangible fixed assets	-720	-829

Other outflows	-2 819	-2 100
	<b>-2 887</b>	<b>-2 925</b>
<b>Financial Activities</b>		
<b>Inflows</b>	2 190	1 849
Inflows from share issue	0	10
Other financial inflows	0	1 839
Financial leases	335	0
Interests	1 855	0
<b>Outflows</b>	-836	-16
Payment of liabilities arising from financial leases	-622	0
Interest Paid	-214	-16
	<b>1 354</b>	<b>1 833</b>
<b>Change in Cash</b>	<b>21 839</b>	<b>-5 797</b>
Cash at the period beginning	19 793	25 590
<b>Cash at the period end</b>	<b>41 632</b>	<b>19 793</b>
Of limited disposability	174	214

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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, 1 March 2011.

