



ARCUS S.A. CAPITAL GROUP

www.arcus.pl

**CONSOLIDATED
FINANCIAL STATEMENT
FOR THE FOURTH QUARTER OF 2011
ended 31 December 2011**

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

Warsaw, 29 February 2012

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.

SELECTED FINANCIAL DATA

Data regarding the interim condensed consolidated financial statement

Selected Financial Data	4 quarters incrementally 2011	4 quarters incrementally 2010	4 quarters incrementally 2011	4 quarters incrementally 2010
	PLN THOUSAND		EUR THOUSAND	
I. Revenues from sales of products	159 228	198 233	38 460	49 504
II. Operating Profit (Loss)	-7 264	-744	-1 855	-186
III. Profit (Loss) Before Tax	-7 681	427	-2 004	107
IV. Net Profit (Loss) attributable to Dominant Company's shareholders	-7 319	1 162	-1 768	290
V. Comprehensive income attributable to Dominant Company's shareholders	-7 885	938	-1 905	234
VI. Net Operating Cash Flow	-38 302	23 516	-9 251	5 873
VII. Net Investment Cash Flow	-4 361	-1 930	-1 053	-482
VIII. Net Financial Cash Flow	12 020	685	2 903	171
IX. Change in Cash	-30 643	22 271	-7 402	5 562
X. Profit (loss) per share and diluted profit (loss) per share attributable to the shareholders of a dominant entity (PLN/EUR)	-0,99	0,16	-0,24	0,04
	As at 31 December 2011	As at 31 December 2010	As at 31 December 2011	As at 31 December 2010
XI. Total Assets	135 875	124 650	30 763	31 475
XII. Long-Term Liabilities	10 397	5 050	2 354	1 275
XIII. Short-Term Liabilities	67 213	53 017	15 218	13 387
XIV. Equity attributable to Dominant Company's shareholders	58 830	66 491	13 320	16 789
XV. Share Capital	740	740	168	187
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 (PLN/EUR)	7,96	8,99	1,80	2,27

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

- For balance sheet items – 4.4168 - National Bank's of Poland exchange rate applicable on 31 December 2011, 3.9603 - National Bank's of Poland exchange rate applicable on 31 December 2010; 3.9870 - National Bank's of Poland exchange rate applicable on 30 September 2010,
- For statement of comprehensive income items and cash flow statement items an average exchange rate – calculated as an arithmetic mean of exchange rates applicable on the last day of every month in particular period, determined by the National Bank of Poland for that day:
 - Average exchange rate between 1 January and 31 December 2011:
EUR 1 = PLN 4.1401
 - Average exchange rate between 1 January and 31 December 2010:
EUR 1 = PLN 4.0044

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

Selected Financial Data	4 quarters incrementally 2011	4 quarters incrementally 2010	4 quarters incrementally 2011	4 quarters incrementally 2010
	PLN THOUSAND		EUR THOUSAND	
I. Revenues from sales	152 578	193 177	36 854	48 241
II. Operating Profit (Loss)	-5 277	1 347	-1 275	336
III. Profit (Loss) Before Tax	-5 193	2 856	-1 254	713
IV. Net Profit (Loss)	-6 343	2 255	-1 532	563
V. Comprehensive income	-6 909	2 031	-1 669	507
VI. Net Operating Cash Flow	-37 337	23 727	-9 018	5 925
VII. Net Investment Cash Flow	-4 434	-2 918	-1 071	-729
VIII. Net Financial Cash Flow	9 459	1 087	2 285	271
IX. Change in Cash	-32 312	21 896	-7 805	5 468
X. Profit (loss) per share and diluted profit (loss) per share	-0,86	0,30	-0,21	0,08
	As at 31 December 2011	As at 31 December 2010	As at 31 December 2011	As at 31 December 2010
XI. Total Assets	132 259	122 671	29 945	30 975
XII. Long-Term Liabilities	7 593	4 871	1 719	1 230
XIII. Short-Term Liabilities	64 403	50 852	14 581	12 840
XIV. Equity	60 263	66 948	13 644	16 905
XV. Share Capital	740	740	168	187
XVI. Shares Number (weighted average)	7 395 157	7 395 157	7 395 157	7 395 157
XVIII. Book value and diluted book value per Share	8,15	9,05	1,84	2,29

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 2011	As at 31 December 2010
FIXED ASSETS		
Tangible fixed assets	3 133	1 619
Intangible Assets	4 891	2 091
Consolidation goodwill	3 583	3 029
Financial assets available for sale	1 855	2 278
Long term receivables	10 070	4 984
Deferred income tax assets	3 714	1 986
TOTAL	27 246	15 987
CURRENT ASSETS		
Inventory	35 813	29 210
Trade and other receivables	61 320	37 320
Income Tax Receivables	0	0
Cash	11 496	42 133
TOTAL	108 629	108 663
TOTAL ASSETS	135 875	124 650

Liabilities	As at 31 December 2011	As at 31 December 2010
Equity (attributable to the shareholders of the dominant company)		
Share capital	740	740
Reserve Capital from sale of shares at premium	37 631	37 631
Revaluation capital	-566	-224
Other capital reserves	143	143
Retained earnings	20 882	28 201
TOTAL	58 830	66 491

Non-controlling entities' share	-565	92
Total Equity	58 265	66 583
Long-term liabilities		
Provision for deferred income tax	3 299	1 059
Provisions for liabilities	538	1 353
Other long-term liabilities	6 560	2 638
TOTAL	10 397	5 05
Short-term liabilities		
Short-term credits and loans	9 707	0
Trade and other liabilities	54 688	51 375
Income tax liabilities	0	266
Provisions for liabilities	2 818	1 376
TOTAL	67 213	53 017
TOTAL LIABILITIES	135 875	124 650

Consolidated statement of comprehensive income

Profit and loss account	1 January – 31 December 2011 (not audited)	1 January – 31 December 2010	1 October – 31 December 2011 (not audited)	1 October – 31 December 2010
PLN THOUSAND				
Sales revenue	159 228	198 233	79 438	81 166
Own sales cost	-132 584	-171 036	-63 964	-72 179
Gross sales profit (loss)	26 644	27 197	15 474	8 987
Other operating revenue	1 012	96	724	9
Sales costs	-23 662	-20 988	-8 560	-5 088
General and administrative costs	-7 233	-6 762	-2 319	-1 720
Other operating costs	-4 025	-287	-1 946	-141
Operating profit (loss)	-7 264	-744	3 373	2 047
Financial revenue	715	1 383	152	336
Financial costs	-1 132	-212	-1 071	-122
Profit (loss) before tax	-7 681	427	2 454	2 261
Other statutory decreases	-617	-159	-1 998	-457
Net profit (loss)	-8 298	268	456	1 804

Attributable to:				
Shareholders of a dominant company	-7 319	1 162	564	2 021
Minority shareholders	-979	-894	-108	-217
EBITDA	-5 160	789	4 035	2 491
Profit (loss) per share attributable to shareholders of the dominant company				
Ordinary and Diluted	-0,99	0,16	0,08	0,31

Statement of comprehensive income	1 January – 31 December 2011 (not audited)	1 January – 31 December 2010	1 October – 31 December 2011 (not audited)	1 October – 31 December 2010
PLN THOUSAND				
Net Profit (loss)	-8 298	268	456	1 804
Components of other comprehensive income:				
Financial Assets available for sale	-699	-276	-189	160
Settlement of hedging instruments	0	0	0	-40
Deferred Tax regarding other comprehensive income	133	52	36	-31
Other comprehensive income	-566	-224	-153	89
Comprehensive income for the period	-8 864	44	303	1 893
Comprehensive income for the period attributable to:				
Shareholders of a dominant company	-7 885	938	411	2 110
Minority shareholders	-979	-894	-108	-217

Consolidated cash flow statement

Cash Flow Statement	1 January – 31 December 2011 (not audited)	1 January – 31 December 2011
Operating Activities		
Profit (Loss) before Tax	-7 681	427
Items' Adjustments	-30 621	23 089

Depreciation	2 104	1 533
Interest Received/Paid	-813	-1 307
Dividends received	-52	0
Profit (Loss) on Investment Activities	-33	14
Change in Inventories	-5 217	-9 572
Change in receivables	-41 408	18 616
Change in Liabilities and Reserves	18 327	15 146
Change in other Assets	-478	0
Income Tax Paid	-266	-944
Other	-2 785	-397
	-38 302	23 516
<i>Investment Activities</i>		
Inflows	184	10
Inflows proceeding from disposal of intangible assets and tangible fixed assets	132	10
Dividends received	52	0
Outflows	-4 545	-1 940
Outflows for acquisition of tangible fixed assets	-4 545	-1 909
Other	0	-31
	-4 361	-1 930
<i>Financial Activities</i>		
Inflows	13 917	1 925
Share capital increase	300	0
Inflows from contracted credit and loans	9 707	2
Interest	1 523	1 588
Payment of liabilities arising from financial leases	2 387	335
Outflows	-1 897	-1 240
Purchase of shares	-10	0
Repayment of credit and loans	-2	-150
Payment of liabilities arising from financial leases	-1 384	-789
Interest Paid	-501	-301
From other Financial Liabilities	0	0
Net cash used for/received from financial activities	12 020	685

Change in Cash	-30 643	22 271
Cash at the beginning period	42 139	19 862
Cash at the end period	11 496	42 133

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period of 1 January 2011 – 31 December 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
Purchase of shares					22	22
Share capital increase					300	300
Net profit	0	-7 319	0	-7 319	-979	-8 298
Financial assets available for sale less deferred tax	0	0	-342	-342	0	-342
Status as at 31 December 2011	38 514	28 882	-566	58 830	-565	58 265

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		
Status as at 1 January 2010	38 514	27 039	0	65 553	986	66 539
Net profit	0	1 162	0	1 162	-894	268
Financial assets available for sale less deferred tax	0	0	-224	-224	0	-224
Status as at 31 December 2010	38 514	28 201	-224	66 491	92	66 583

Explanatory notes to the interim consolidated financial statement

1. Information concerning the rules applied for the preparation of the condensed interim consolidated financial statement for the fourth 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 December 2011 (and as at 31 December 2010) as well as its operating results for the period of three and twelve months ended 31 December 2011

and 31 December 2010 and cash flows for the period of twelve months ended 31 December 2011 and 31 December 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. Financial data, unless otherwise indicated, shall be presented in PLN thousand.

Company's financial year is a calendar year.

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** – maintenance services.

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

	IT segment	Telematics and Telemetry segment	Other services segment	TOTAL
Revenues				
Sales to external clients	132 378	16 210	10 640	159 228
Sales between segments	-	-	-	0
Segment's revenues - total	132 378	16 210	10 640	159 228
Segment's result	7 150	-1 764	-3 204	2 182
Costs not allocated	-	-	-	9 446
Profit on operating activities	-	-	-	-7 264
Net financial revenues	-	-	-	-417
Profit before tax	-	-	-	-7 681
Income tax	-	-	-	-617
Net profit for the financial year	-	-	-	-8 298
Assets and liabilities				
Segment's assets	88 978	10 720	7 505	107 203
Assets not allocated	-	0	-	28 672
Total assets	88 978	10 720	7 505	135 875
Segment's liabilities	53 621	6 460	4 523	64 604
Liabilities not allocated	-	-	-	13 006
Total liabilities	53 621	6 460	2 412	77 610

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

	IT segment	Telematics segment	Other services segment	TOTAL
Revenues				
Sales to external clients	181 625	5 063	11 545	198 233
Sales between segments	-	-	-	0
Segment's revenues - total	181 625	5 063	11 545	198 233
Segment's result	6 383	-2 035	292	4 640
Costs not allocated	-	0	-	5 384
Profit on operating activities	-	-	-	-744
Net financial revenues	-	-	-	1 171

Profit before tax	-	-	-	427
Income tax	-	-	-	-159
Net profit for the financial year	-	-	-	268
Assets and liabilities				
Segment's assets	62 846	4 011	12 584	79 441
Assets not allocated	-	0	-	45 209
Total assets	62 846	4 011	12 584	124 650
Segment's liabilities	29 566	19 625	2 412	51 603
Liabilities not allocated	-	-	-	6 464
Total liabilities	29 566	19 625	2 412	58 067

3. Costs by type

Not audited	1 January 2011 – 31 December 2011	1 January 2010– 31 December 2010
Value of goods sold	118 264	159 860
Outsourced services	15 942	14 283
Remunerations and benefits for employees	17 940	15 132
Consumption of materials and energy	7 473	5 585
Taxes and fees	951	591
Depreciation	2 104	1 533
Other costs by type	1 173	2 355
TOTAL	163 847	199 339
Change in inventories	368	-553
Costs of operating activities	164 215	198 786
Sales costs	23 662	20 988
General and administrative costs	7 233	6 762
Own sales costs	132 584	171 036

4. Financial revenues and costs

Not audited	31 December 2011	31 December 2010
Financial revenues	715	1 383
Interests received	665	1 383
Dividends	52	
Other	-2	
Financial costs	1 132	212
Interests	151	77
Other	981	135

5. Income tax

Not audited	31 December 2011	31 December 2010
Current income tax	-	-930
Deferred income tax	-617	771
TOTAL	-617	-159

6. Change in fixed assets

Changes in fixed assets in the period of 1 January 2011 – 31 December 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; Acquisitions	1 005	653	1 212	2 870	
Decreases; sales and liquidation	0	168	588	146	902
As at 31 December 2011	0	2 234	1 143	3 466	6 843
Redemption					

As at 1 January 2011	0	1 121	605	1 530	3 256
Increases; Amortization	0	385	133	657	1 175
Decreases	0	167	421	133	721
As at 31 December 2011	0	1 339	317	2 054	3 710
NET as at 31 December 2011	0	895	826	1 412	3 133

Changes in fixed assets in the period of 1 January 2010 – 31 December 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; Acquisitions	128	105	389	622	
Leasing	0	0	0		
Decreases; sales and liquidation	0	101	50	2 177	2 328
As at 31 December 2010	0	1 397	1 078	2 400	4 875
Redemption					
As at 1 January 2010	0	1 058	437	1 202	2 697
Increases; Amortization	0	161	178	334	673
Decreases; sales and liquidation	0	98	10	6	114
As at 31 December 2010	0	1 121	605	1 530	3 256
NET as at 31 December 2010	0	276	473	870	1 619

7. Financial assets available for sale

Not audited	31 December 2011	31 December 2010
Shares of listed entities	1 855	2 278
Shares of not listed entities	0	0

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 into 346,748 shares. Since the end of June 2010, the shares of TAURON POLSKA ENERGIA are listed on the Warsaw Stock Exchange. On 30 December 2011 - TAURON share price amounted to PLN 5.35.

8. Change in reserves

Reserves as at 31 December 2011 and as at 31 December 2010

Not audited	31 December 2011	31 December 2010
For warranty repairs and other	2 801	2 605
For retirement benefits	555	415
TOTAL	3 356	3 020
Including:		
Long-term	538	1 353
For warranty repairs and other	238	1 095
For retirement benefits	300	258
Short-term	2 818	1 667
For warranty repairs and other	2 563	1 510
For retirement benefits	255	157

9. Seasonality or cyclicity of business operations

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. ARCUS S.A. successively aims at concluding long-term contracts which will reduce the impact on the results of incidental contracts.

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.

The business activities of a subsidiary company – DocuSoft Ltd. is not subject to seasonality. 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 out or declared

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

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

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.

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

As at balance sheet day, that is as at 31 December 2011, the composition of the Management Board was as follows:

- Michał Czeredys – 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:

- Marek Czeredys - Chairman of the Supervisory Board
- Dominik Czajewski - Member of the Supervisory Board
- Michał Słoniewski - Member of the Supervisory Board
- Sławomir Jakszuk – Member of the Supervisory Board
- Krzysztof Rajczewski - 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. Furthermore, ARCUS S.A. owns 86.96% of the total number of stocks and shall be entitled to 90.1% of votes at DocuSoft Ltd. Stockholders' General Meeting.

Company:	T-matic Systems Ltd.
Registered office and address:	2 Miła Street, 00-180 Warsaw
Telephone:	+48 22 886 00 50
Fax number:	+48 22 886 63 24
e-mail:	biuro@t-matic.com
www:	www.t-matic.com.pl
The percentage share in the share capital:	55%
The percentage share in the total number of votes:	55%

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

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

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

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 2011, ARCUS Capital Group achieved PLN 159,000,000 of revenues which constitutes a drop by 20% as compared to 2010 (PLN 198,200,000). The drop with regard to unconsolidated revenues was the same and amounted to as much as 20% (PLN 152,600,000 – in 2011; PLN 193,100,000 – in 2010). Drop in turnover shall not be against the Group's policy which is focused on margins and EBITDA rather than on volume. In 2011 the Group's trade margin increased from 13.7% in 2010 to 16.7%. Such actions shall be confirmed by the results achieved in the fourth quarter of 2011 where the sales amounted to PLN 79 400 000 comparing with PLN 81 000 000 in the fourth quarter of 2010 (trade margin increased to 19.5% from 11% in the corresponding period last year).

Group's EBITDA for the whole 2011 was negative and amounted to PLN -5 100 000 comparing with PLN 800 000 in 2010. It should be noted that the results for the year 2011 were mainly negatively influenced by the sales results in the first and the second quarter of the year as well as by high reserves established for slow-moving inventory (PLN 3 800 000 accounting for 16% of its average value in 2011).

In the reporting some one-time events also occurred:

- additional bonuses for Commercial Departments and redundancy payments – approximately PLN 1 000 000;
- write-off of consumption of materials associated with service contracts – approximately PLN 2 000 000.

Furthermore, a subsidiary – T-Matic Systems incurs high R&D costs which cannot be capitalised but only the write-off may be established with regard to them in the period they were incurred. Assuming the elimination of one-time events, EBITDA of the Group in 2011 should amount to PLN 1 700 000 approximately while the Company's EBITDA – to PLN 3 000 000.

The trends in Q4 indicate the improvement – Group's EBITDA amounted to PLN 4 000 000 which is a growth of 62% as compared with the fourth quarter of 2010 where the margin equalled to PLN 2 500 000 and was a five-fold increase comparing to the whole 2010. Group's EBITDA margin in the fourth quarter of 2011 was 5% while in the corresponding period last year – 3%.

Furthermore, for the analysis of the year 2011 the following should be taken into consideration:

- Net result was additionally deteriorated in accordance with creation of high deferred income tax reserves – in the Company, as at the end of the year mentioned reserves amounted to PLN 3 200 000 (PLN 900 000 as at the end of 2010),
- The Company holds TAURON S.A. Company's shares which value as at the end of 2011 was lower by PLN 423 000 comparing with the value as at the end of 2010 which resulted in the decrease of the Company's net assets – BVPS dropped by PLN 0.06. Improvement in the stock market shall reverse this process. In 2011 the Company received the dividend at the amount of PLN 52 000 paid by TAURON.
- The implementation of some contracts has been postponed by several months until the end of the year, and so for example, supplies for the energy sector in 2011 amounted to only 30% of the estimated amount, thus affecting the outcome

of both the Company and the Group, particularly a subsidiary - T-Matic Systems Ltd., which due to that fact was not able to pursue the forecasts for 2011,

- The rapid growth of the EUR against the PLN in the period between September and December resulted in the fact that part of the maintenance contracts in the financial sector, defined rigidly in the Polish zlotys, has become profitable low. Moreover, the high Euro exchange rate resulted in the increase of the purchase costs of goods. The company could not fully transfer these costs to customers and had to decrease the planned margins.
- In May 2011 the Company took over DocuSoft Ltd. – manufacturer and distributor of specialized VARIO.BPM system which supports the effective management of information flow processes within the company. Increasing the availability of this system on the market was associated with incurring additional costs for the development of sales structures and enlarging the Programmers' team. These costs are not subject to capitalization and shall be recorded in the period they are incurred, that is in the year 2011. The Company expects that as from 2012, the economic effects of costs incurred in 2011 will be noticeable. The first signs can be already observed in the improved performance of DocuSoft Ltd. in the second half of 2011.
- In 2011, the remuneration fund and sales costs significantly increased. This increase, apart from one-off reasons in the form of bonuses and severance payments, was mainly affected by the processes associated with increasing the employment by more than a dozen people in the Commercial and Service Departments. The employment in the Service Department grew by more than 50% and is related to the implementation of strategy consisting in increasing the share of services in the income structure. A similar situation occurred in a subsidiary - T-Matic Systems Ltd. where the implementation of projects for the energy sector required to increase the employment of highly-skilled specialists. The number of persons serving on the management boards in all Group's companies were reduced in the second half of the year.
- In connection with the execution of contracts for the supply and installation of devices in Telematics (for the fleet management sector) and Telemetry (in the energy sector) sectors, the Group had to make pre-payments amounting to approximately PLN 15 000 000. Such situation resulted in a decrease in financial income from investments. At the same time in order to finance additional

purchases of goods in 4Q2011 company made use of bank loans, which resulted in higher financial costs,

- In 2011, T-Matic (a subsidiary) incurred high R & D costs associated with starting the implementation of contracts for the energy sector - these costs could not be capitalized but were directly attributed to the period during which they occurred,
- Group's inventory increased nominally from PLN 29 200 000 to PLN 35 000 000. This increase is due to the high level of advance payments for supplies for the energy and Telematics sector. The actual level of inventory in the dominant Company fell during the year from PLN 25 900 000 to PLN 20 900 000. The company consistently strives to reduce inventory level and increase their rotation.

The company consistently strives to increase the sales of equipment leasing services and outsourcing processes (e.g. printing). In 2011, a series of new contracts both with the medium customers as well as large customers such as banks and central financial institutions, were concluded.

Mentioned contracts are mainly long-term contracts for the period of 36-60 months generating the profits in the medium and long term. This is due to their specific nature - at the beginning it is necessary to incur costs (e.g. environmental audit, transportation of equipment, systems integration, etc.). Monthly income from contracts covers these costs in the long term, and profits are revealed in the long run. Margins achieved on such contracts are much higher than those achieved on the sale of equipment. The contracts also provide a stable cash receipts and partial coverage of fixed costs. This allows to reduce in the long-term the dependence of the Company's revenues and results on the economic situation and incidental contracts.

The company invests intensively in human resources, assuming that in a modern business model it is one of the best ways to ensure long-term growth. To this end, the company launched in Q32011 a two-year training program called 'Improving the competence of ARCUS S.A. employees through trainings and consultancy' with a total budget of PLN 1 150 000, of which PLN 818 000 will be co-financed by the European Union. At the same time the Company makes efforts in order to launch further trainings from EU funds, which will be addressed to the Company's partners and will be aimed at increasing their technical and service competence.

In the fourth quarter, the company continued to implement an internal project "Supporting the implementation of B2B electronic business", which received funding from the EU in the amount of PLN 748 000. Implementation of mentioned project is planned for the period between September 2011 and May 2012. This will facilitate the transfer of data between Group's companies and contractors, as well as will improve the level of controlling and recording.

In the fourth quarter of 2011, the main component of the Capital Group's assets were the current assets which accounted for 80% of balance sheet total (87% a year earlier). The value of current assets amounted to PLN 108 629 000 comparing with PLN 108 663 000 after the fourth quarter of 2010. The most significant item were the receivables at the amount of PLN 61 320 000 (increase by 64% y / y), of which a large part was generated in the energy sector and financial institutions. The loss ratio as regards the Group's receivables is less than 0.2% of turnover. The cash balance decreased temporarily in connection with a significant involvement in financing the energy sector. Furthermore, in 2011 a capital investment was made by acquiring for the total amount of PLN 2 000 000 Docusoft Ltd. Company. Fixed tangible assets and intangible assets also increased during the reporting period.

Short-term liabilities as well as equity together with long-term liabilities were main sources used for financing the Group's activities. This provides a stable financial structure, and gives a strong ability to incur additional debt, if there is a need for additional financing of current activities.

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:

- Fluctuations of exchange rates (EUR/PLN). The Group as a large importer of the EUR area, incurs (higher than planned) costs of goods purchase (in case PLN is weakening) or achieve lower revenues denominated in foreign currencies (in case

PLN is strengthening). Particularly in case of contracts that are being performed in a public sector, prices expressed in PLN are not subject to renegotiation.

- changes in the Poland's economic situation connected with the situation on world markets, which may affect the demand (associated with the economic growth) for the products offered by the Group,
- timely execution of won bids and competitive processes,
- final settlement of won tenders and conclusion of the relevant agreements which value may significantly influence the revenues and results that are to be achieved during next quarter,
- broadening the scope of the Company's activities in the field of ICT solutions and high-added value services, e.g. Telematics services provided by T-matic (solutions for transportation management and remote measurement of utilities) as well as lease services with regard to the equipment intended for printing and correspondence management,
- focusing the Company's and the Group's management processes on the optimization and business operations' profitability increasing;
- in accordance with the performance of the agreement concluded with Zakład Ubezpieczeń Społecznych (Social Insurance Institution) on 27 November 2009 for the post-warranty service of FS 9100 D Kyocera laser printers (current report No 48/2009), the Management Board of ARCUS S.A. with a current report No 4/2011 informed that had received from Zakład Ubezpieczeń Społecznych (Social Insurance Institution) an accounting note stating the burden arising from the delays in carrying out the maintenance inspection in accordance with terms of agreement. The Social Insurance Institution stated that aforementioned agreement had been breached and requested ARCUS S.A. to pay the contractual penalty at the amount of PLN 5,515,440.00 by 14 April 2011. The Social Insurance Institution cites breach of agreement pursuant to which ARCUS S.A. was obliged to carry out the maintenance inspection of mentioned printers at least every 8 months starting from the agreement signing date that is from 27 July 2010. In accordance with aforementioned agreement the delay in compliance with this obligation was the subject of contractual penalty at the amount equal to PLN 120 for each day of delay with regard to each unrepaired printer. In the opinion of the Issuer, the Social Insurance Institution's request to pay a contractual penalty constitutes an unfounded claim. The delay in carrying out the maintenance

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

- significant increase in fuel prices, which translates into an increase in transport costs, operating costs (operation of the vehicle fleet used by the Service Departments of the Group) and the decline in demand for fleet monitoring services (transport companies, in the face of rising fuel prices may seek to reduce operating costs in the area of purchased services),
- 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 / Entity	Sales	Purchase	Receivables	Liabilities	Advance payments granted
2011					
ADD Polska Ltd., Limited Partnership	585	6 671	720	2 872	11 365
OBP Incentive		182			
Zakład Doświadczalny Instytutu Zootechniki MEŁNO		41			
Prof. M. Wierzbowski	15	47	1		
TOTAL	600	6 941	721	2 872	11 365
2010					
DocuSoft Ltd.	0	250	0	0	
T-Matic Systems			0		
Zakład Doświadczalny Instytutu Zootechniki MEŁNO		46		0	
Koma CPS M. Komorowski		22			
eSaldo J.M. Zalewska		103		10	
ADD Polska Ltd.			1		1
ADD Polska Ltd., Limited Partnership		146	1	37	1 313
Bluetech Civil Law Partnership		71		17	
Polska Dystrybucja Książek S.A.		6			
SPA-Invest Sp. z o.o.		10			
Prof. M. Wierzbowski		54			
TOTAL	0	708	2	64	1 314

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

In connection with the dispute with ZUS (Social Insurance Institution) as regards the interpretation of the maintenance agreement of 27 November 2007, in December 2011, ARCUS S.A. filed a statement of claim with a court against ZUS – details of mentioned dispute are described in point II.3 above.

Until the day of the report hereof publication, the hearing date has not been set.

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:

Shareholder	Number of shares = Number of votes	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%

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 2011 and as at the day of submitting the financial statement hereof:

	Number of shares = Number of votes / Nominal value (PLN)	Share in capital (= share in the total number of votes)
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 (except for Mr. Marek Czeredys) did not hold the shares of ARCUS S.A. as per 31 December 2011 and as per the date of the financial statement hereof preparation.

9. Granted sureties, credits, loans and guarantees

In connection with ARCUS-T-Matic consortium established for the needs of implementation of projects for the energy sector, the Company in accordance with tasks distribution, bears the cost associated with deposit and contract performance guarantee insurance. Thus, as a consortium member, shall grant a guarantee to a subsidiary - T-Matic as regards the contract performance guarantee or payment of deposit.

In 4Q2011 T-Matic (subsidiary) granted PeKaO S.A. Bank a power of attorney to manage its settlement account in connection with contracting by ARCUS S.A. a short-term credit – PLN 6 000 000 for financing the supplies to the Energy Sector. The loan was repaid before 31 January 2012.

In the fourth quarter, the Group's companies did not grant any other sureties, credits, loans or guarantees

10. Other contingent liabilities

	As at 31 December 2011	As at 31 December 2010
For the benefit of other entities:	60 733	44 402
1) Bill of exchange liabilities, including issued for:	32 213	23 206
a) Bank as credit collateral	10 000	4 000

b) Insurance companies due to performance bond granted	5 653	2 409
c) Insurance companies due to deposits guarantees	0	957
d) Bills of exchange payable in respect of import letters of credit	16 560	15 840
2) Repossession of warehouses	7 000	8 676
3) Assignment Of Accounts Receivable	19 000	10 000
4) The pledge on TAURON shares in respect of import letters of credit	2 520	2 520

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. QUARTERLY FINANCIAL INFORMATION OF ARCUS S.A.

Statement of ARCUS S.A. financial position

Assets	As at 31 December 2011	As at 31 December 2010
FIXED ASSETS		
Tangible fixed assets	2 951	1 242
Intangible Assets	1 949	498
Share in subsidiaries	5 975	3 598
Financial assets available for sale	1 855	2 278
Long term receivables	10 063	4 984
Deferred income tax assets	2 680	1 471
TOTAL	25 473	14 071
CURRENT ASSETS		
Inventory	34 236	28 186
Short-term investments	5 702	5 248
Trade and other receivables	57 685	33 691
Cash	9 163	41 475
TOTAL	106 786	108 600
TOTAL ASSETS	132 259	122 671

Liabilities	As at 31 December 2011	As at 31 December 2010
Equity		
Share capital	740	740
Reserve Capital from sale of shares at premium	38 024	38 024
Revaluation capital	-566	-224
Retained earnings	22 065	28 408
TOTAL	60 263	66 648
Long-term liabilities		
Provision for deferred income tax	3 206	939
Provisions for liabilities	412	1 294
Other long-term liabilities	3 975	2 638

TOTAL	7 593	4 871
Short-term liabilities		
Trade and other liabilities	51 914	49 212
Other financial liabilities – contracted credits	9 707	0
Income tax liabilities		266
Provisions for liabilities	2 782	1 374
TOTAL	64 403	50 852
TOTAL LIABILITIES	132 259	122 671

Statement of ARCUS S.A. comprehensive income

Profit and loss account	1 January – 31 December 2011 (not audited)	1 January – 31 December 2010	1 October – 31 December 2011 (not audited)	1 October – 31 December 2010
PLN THOUSAND				
Sales revenue	152 578	193 177	75 504	78 498
Own sales cost	-127 237	-166 981	-61 043	-70 023
Gross sales profit (loss)	25 341	26 196	14 461	8 475
Other operating revenue	643	40	560	0
Sales costs	-22 008	-19 333	-8 437	-4 531
General and administrative costs	-5 378	-5 384	-1 608	-1 422
Other operating costs	-3 875	-172	-1 806	-44
Operating profit (loss)	-5 277	1 347	3 170	2 478
Financial revenue	1 047	1 646	-132	408
Financial costs	-963	-137	-639	-106
Result on financial activities	84	1 509	-771	302
Profit (loss) before tax	-5 193	2 856	2 399	2 780
Income tax	-1 150	-601	-2 082	-544
Net profit (loss)	-6 343	2 255	317	2 236
EBITDA	-4 017	2 048	3 601	2 661
Profit (loss) per share				
Ordinary and Diluted	-0.86	0.30	0.04	0.30

Statement of comprehensive income	1 January – 31 December 2011 (not audited)	1 January – 31 December 2010	1 October – 31 December 2011 (not audited)	1 October – 31 December 2010
PLN THOUSAND				
Net Profit (loss)	-6 343	2 255	317	2 236
Components of other comprehensive income:				
Financial Assets available for sale	-699	-276	-189	160
Deferred Tax regarding other comprehensive income	133	52	36	-30
Other comprehensive income	- 566	-224	-153	130
Comprehensive income for the period	-6 909	2 031	164	2 366
Comprehensive income (loss) per share	- 0,93	0,27	0,02	0,32

STATEMENT OF CHANGES IN EQUITY

For the period of 1 January 2011 – 31 December 2011

	Core Capital	Capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total
Status as at 1 January 2011	740	38 024	28 408	-224	66 948
Net profit	0	0	-6 343	0	-6 6343
Income tax adjusted financial assets available for sale	0	0	0	-342	-342
Status as at 30 June 2011	740	38 024	22 065	-566	60 263

For the period of 1 January 2010 – 31 December 2010

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

Cash flow statement

Cash Flow Statement	1 January – 31 December 2011 (not audited)	1 January – 31 December 2011
<i>Operating Activities</i>		
Profit (Loss) before Tax	-5 193	2 856
Items' Adjustments	-32 144	20 573
Depreciation	1 260	702
Interests	-1 393	-1 641
Result on investment activities	3	-10
Dividends received	-52	
Change in Inventories	-6 050	-10 589
Change in receivables	-20 814	14 837
Change in Liabilities and Reserves	-2 132	18 918
Income Tax Paid	-266	-949
Other	-2 700	-397
	-37 337	23 727
<i>Investment Activities</i>		
Inflows	58	652
Inflows proceeding from disposal of intangible assets and tangible fixed assets	-3	10

Repayment of loans by subsidiaries	9	642
Dividends received	52	
Outflows	-4 492	-3 539
Outflows for acquisition of tangible fixed assets	-4 392	-720
Loans granted to subsidiaries	-100	-2 819
Other	0	-31
	-4 434	-2 918
Financial Activities		
Inflows	13 617	2 190
Credits and loans	9 707	0
Payment of liabilities arising from financial leases	2 387	335
Interests	1 523	1 588
Outflows	-4 158	-836
Purchase of shares	-2 010	
Related entity's share capital increase	-367	
Repayment of credit and loans	-1 286	-622
Payment of liabilities arising from financial leases	-495	-214
Interest Paid	9 459	1 087
Change in Cash	-32 312	21 896
Cash at the beginning period	41 475	19 579
Cash at the end period	9 163	41 475

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 Michał Czeredys – President of the Management Board

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 Prepared by: Grażyna Syrczyńska – Chief Accountant

Warsaw, 29 February 2012.