ARCUS S.A. CAPITAL GROUP

www.arcus.pl

CONSOLIDATED FINANCIAL STATEMENT FOR THE FIRST QUARTER OF 2010

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

Warsaw, 17 May 2010

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

Selected Financial Data	First Quarter of 2010	31 December 2009	First Quarter of 2009	First Quarter of 2010	31 December 2009	First Quarter of 2009
	PLN THOUSAND			EUR THOUSAND		
I. Revenues from sales of products, goods and materials	51 312	119 487	18 191	12 935	27 528	3 955
II. Operating Profit (Loss)	974	699	-307	246	161	-67
III. Profit (Loss) Before Tax	1 724	1 292	-2 475	435	298	-538
IV. Net Profit (Loss)	1 217	991	-2 149	307	228	-467
Net Profit (Loss) attributable to Dominant Company's shareholders	1 377	1 026	-2 312	347	236	-503
V. Net Operating Cash Flow	10 301	-5 601	6 050	2 597	-1 290	1 315
VI. Net Investment Cash Flow	-1 401	-1 382	-323	-353	-318	-70
VII. Net Financial Cash Flow	177	1 346	0	45	310	0
VIII. Change in Cash	9 077	-5 637	5 727	2 288	-1 299	1 245
IX. Total Assets	90 410	103 498	83 974	23 409	25 193	17 862
X. Long-Term Liabilities	2 733	2 627	932	708	639	198
XI. Short-Term Liabilities	19 021	34 072	20 029	4 925	8 294	4 260
XII. Equity	68 404	66 539	62 694	17 711	16 197	13 335
Equity attributable to Dominant Company's shareholders	67 578	65 553	62 117	17 497	15 957	13 213

XIII. Share Capital	740	740	730	192	180	155
XIV. Shares Number (weighted average)	7 395 157	7 395 157	7 296 681	7 395 157	7 395 157	7 296 681
XV. Net Profit (Loss) per Share attributable to Dominant Company's shareholders (in PLN/EUR)	0.19	0.14	-0.32	0.05	0.03	-0.07
XVI. Diluted Profit (Loss) per share attributable to Parent Company shareholders (in PLN/EUR)	0.19	0.14	-0.32	0.05	0.03	-0.07

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

- For balance sheet items – 3.8622 - National Bank's of Poland exchange rate applicable on 31 March 2010, 4.1082 - National Bank's of Poland exchange rate applicable on 31 December 2009; 4.7013 - National Bank's of Poland exchange rate applicable on 31 March 2009;

- For profit and loss account items and cash flow statement items for the period of 3 months of 2010 and 2009 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 2010: EUR 1 = PLN 3.9669

  - Average exchange rate between 1 January and 31 March 2009: EUR 1 = PLN 4.5994

II. CONSOLIDATED FINANCIAL STATEMENT OF ARCUS S.A. CAPITAL GROUP FOR THE FIRST QUARTER OF 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income	1 January 2010 – 31 March 2010	1 January 2009 – 31 December 2009	1 January 2009 – 31 March 2009
	PLN THOUSAND		
Continued business activity			
Sales revenue	51 312	119 487	18 191
Own sales cost	42 430	97 801	13 342
Gross sales profit (loss)	**8 882**	**21 686**	**4 849**
Other operating revenue	8	135	48
Sales costs	6 641	14 539	3 685
General and administrative costs	1 232	6 371	1 499
Other operating costs	43	212	20
Restructuring costs	0	0	0
Operating profit (loss)	**974**	**699**	**-307**
Financial revenue	804	1 644	503
Financial costs	54	1 051	2 671
Profit (loss) before tax	**1 724**	**1 292**	**-2 475**
Income tax	507	301	-326
Net profit (loss) from Continued business activity	**1 217**	**991**	**-2 149**
Discontinued business activity	0	0	0
Net profit (loss) from discontinued business activity	**0**	**0**	**0**

Net profit (loss)	**1 217**	**991**	**-2 149**
Attributable to:			
Shareholders of a dominant company	**1 377**	**1 026**	**-2 312**
Minority shareholders	**-160**	**-35**	**163**
Net Profit (loss) annualized	**4 520**	**991**	**2 193**
Profit (loss) per share attributable to shareholders of the dominant company			
Continued business activity:			
Ordinary	0.19	0.14	-0.32
Diluted	0.19	0.14	-0.32
Discontinued business activity:			
Ordinary	0.19	0.14	-0.32
Diluted	0.19	0.14	-0.32

Statement of comprehensive income	**1 January 2010 – 31 March 2010**	**1 January 2009 – 31 December 2009**	**1 January 2009 – 31 March 2009**
	PLN THOUSAND		
Net Profit (loss) for the period	**1 217**	**991**	**-2 149**
Other comprehensive income			
Financial Assets available for sale			
Cash Flow Hedge			
Actuarial Profit (loss) due to retirement pension programs			
Income Tax regarding other comprehensive income			
Other net comprehensive income			
Comprehensive income for the period	**1 217**	**991**	**-2 149**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	As at 31 March 2010	As at 31 December 2009	As at 31 March 2009
	PLN THOUSAND		
FIXED ASSETS			
Intangible Assets	2 549	1 664	829
Consolidation goodwill	3 029	3 029	3 029
Tangible fixed assets	3 933	3 884	1 892
Financial assets available for sale	3 152	2 523	2 523
Long term receivables	530	534	229
Deferred income tax assets	836	491	609
	14 029	**12 125**	**9 111**
CURRENT ASSETS			
Inventory	21 739	19 639	25 283
Short term investments	0	0	0
Trade and other receivables	25 489	51 630	18 140
Income Tax Receivables	0	28	0
Cash and cash equivalents	29 153	20 076	31 440
	76 381	**91 373**	**74 863**
TOTAL ASSETS	**90 410**	**103 498**	**83 974**

Liabilities	As at 31 March 2010	As at 31 December 2009	As at 31 March 2009
	PLN THOUSAND		
Equity (attributable to the shareholders of the dominant company)			
Share capital	740	740	730

Reserve Capital from sale of shares at premium	37 631	37 631	37 631
Reserve Revaluation capital	598	0	1
Other capital reserves	143	143	142
Reserve Capital	14 261	14 261	14 261
Retained earnings	14 205	12 778	9 352
	67 578	**65 553**	**62 117**
Non-controlling entities' share	826	986	577
Total Equity	**68 404**	**66 539**	**62 694**
Long-term liabilities			
Provision for deferred income tax	495	387	96
Provisions for liabilities	340	340	381
Other long-term liabilities	1 898	1 900	455
	2 733	**2 627**	**932**
Short-term liabilities			
Short term bank loans and credits	0	0	479
Trade and other liabilities	16 639	32 963	18 969
Income tax liabilities	175	286	37
Provisions for liabilities	2 207	823	544
Other financial liabilities	0	0	0
	19 021	**34 072**	**20 029**
Other liabilities	252	260	319
TOTAL LIABILITIES	**90 410**	**103 498**	**83 974**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period of 1 January 2010 – 31 March 2010

	Core Capital	Capital reserve from sale of shares at premium	Retained Earnings	Revaluation Capital	Other Reserve Capital	Total	Minority Interest	TOTAL EQUITY
PLN THOUSAND								
Status as at 1 January 2010	**740**	**37 774**	**12 778**	**-**	**14 261**	**65 553**	**986**	**66 539**
Changes in accounting principles	-	-	-	-	-	-	-	-
Current Period Correction	**-**	**-**	**50**	**-**	**-**	**50**	**-**	**50**
Increases	**-**	**-**	**1 377**	**598**	**-**	**1 975**	**-**	**1 975**
Share conversion PKE/TAURON	-	-	-	598		**598**	**-**	**598**
Purchase of the company	-	-	-	-	-	-	-	-
Previous/Current period’s result	-	-	1 377	-	-	**1 377**	**-**	**1 377**
Decreases	**-**	**-**	**-**	**-**	**-**	**-**	**160**	**160**
Dividend payment	-	-	-	-	-	-		-
Previous year’s profit allocation	-	-	-	-	-		-	
Current year’s loss	-	-	-	-	-	-	160	**160**
Status as at 31 March 2010	**740**	**37 774**	**14 205**	**598**	**14 261**	**67 578**	**826**	**68 404**

For the period of 1 January 2009 – 31 March 2009

	Core Capital	Capital reserve from sale of shares at premium	Retained Earnings	Revaluation Capital	Other Reserve Capital	Total	Minority Interest	TOTAL EQUITY
PLN THOUSAND								
Status as at 1 January 2009	**730**	**37 773**	**11 664**	**1**	**14 261**	**64 429**	**1 057**	**65 486**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-52**	**-52**
Increases	-	-	-	-	-	**-**	**-**	**-**
Share issue	-	-	-	-	-	**-**	**-**	**-**
Purchase of the company	-	-	-	-	-	**-**	**-**	**-**
Current period result	-	-	-	-	-	**-**	**-**	**-**
Decreases	-	-	**2 312**	-	-	**2 312**	**428**	**2 740**
Dividend payment	-	-	-	-	-	**-**	**-**	**-**
Current period result	-	-	2 312	-	-	2 312	428	**2 740**
Status as at 31 March 2009	**730**	**37 773**	**9 352**	**1**	**14 261**	**62 117**	**577**	**62 694**

For the period of 1 January 2009 – 31 December 2009

	Core Capital	Capital reserve from sale of shares at premium	Retained Earnings	Revaluation Capital	Other Reserve Capital	Total	Minority Interest	TOTAL EQUITY
PLN THOUSAND								
Status as at 1 January 2009	**730**	**37 773**	**11 664**	**1**	**14 261**	**64 429**	**1 057**	**65 486**

Changes in accounting principles						0		0
Current Period Correction			**88**		**0**	**88**	**-36**	**52**
Increases	**10**	**1**	**1 026**		**0**	**1 037**	**-35**	**1 002**
Share issue	10	0	0			**10**	**0**	**10**
Purchase of the company	0	0	0			0	0	0
Previous/Current period's result	0	0	1 026			**1 026**	**-35**	**991**
Decreases			**0**	**1**		**1**	**0**	**1**
Dividend payment	0	0	0			0		0
Previous year's profit allocation			0			0		0
Current year's loss			0			0	0	**0**
Status as at 31 December 2009	**740**	**37 774**	**12 778**	**0**	**14 261**	**65 553**	**986**	**66 539**

CONSOLIDATED CASH FLOW STATEMENT

Cash Flow Statement	1 January 2010 – 31 March 2010	1 January 2009 – 31 December 2009	1 January 2009 – 31 March 2009
	PLN THOUSAND		
Operating Activities			
Profit (Loss) before Tax	1 724	1 292	-2 475
Items' Adjustments	8 577	-6 893	8 525
Depreciation	467	1 368	213
Currency Translation Differences	-	-	-
Interest Received	-321	-1 631	-497
Interest Paid	-	42	13
Dividend received	-	-	-

Profit (Loss) on Investment Activities	-	-4	-2
Change in Inventories	-2 101	-1 366	-7 011
Change in receivables	23 360	-3975	29 757
Change in Liabilities and Reserves	-14 714	-451	-14 566
Change in other Assets	2 691	54	605
Income Tax Paid	-774	-740	-3
Other	-31	-190	16
	10 301	**-5 601**	**6 050**
Investment Activities			
Inflows	-	4	2
Inflows proceeding from disposal of intangible assets and tangible fixed assets	-	4	2
Inflows from Financial Assets	-	-	-
In Other Entities	-	-	-
Outflows	-1 401	-1 386	-325
Outflows for acquisition of tangible fixed assets	-1 401	-1 386	-325
Outflows for acquisition of financial assets	-	-	-
Other outflows	-	-	-
Incomes from sale of fixed tangible assets	-	-	-
Incomes from sale of financial assets	-	-	-
Interest received	-	-	-
Dividend received	-	-	-
	-1 401	**-1 382**	**-323**
Financial Activities			
Inflows	332	1 849	-
Inflows from share issue	-	10	-
Other financial inflows	-	-	-

Inflows from contracted credit and loans	-	-	-
Interest	332	1 839	-
Redemption of commercial bills	-	-	-
Outflows	-155	-503	-
Repayment of credit and loans	-	-300	-
Payment of liabilities arising from financial leases	-	-151	-
Dividend Paid	-	-	-
Interest Paid	-7	-52	-
From other Financial Liabilities	-148	-	-
Currency Translation Differences	-	-	-
	177	**1 346**	**-**
Change in Cash	**9 077**	**-5 637**	**5 727**
Balance Sheet Change in Cash	9 077	-5 637	5 727
Change in Cash preceding from Currency Translation Differences			
Cash at the beginning period	20 076	25 713	25 713
Cash at the end period	**29 153**	**20 076**	**31 440**

III. GENERAL INFORMATION

Dominant Company

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

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

Shares of ARCUS S.A. Dominant 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.

ARCUS S.A. Company performs its business activity in line with the provisions of 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).

The main scope of business activities of ARCUS S.A. shall include providing comprehensive solutions for:

- document management systems ('office solutions' - sale of devices, software and services),
- correspondence management systems ('mailstream solutions' for postal and dispatching centers) .

As at balance sheet day, that is as at 31 March 2010 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
- Konrad Kowalczuk - Vice-President of the Management Board
- Wiktor Różański - Vice-President of the Management Board

On 25 February 2009 Mr. Marek Czeredys tendered his resignation as a Supervisory Board Member to the President of ARCUS S.A. Company's Management Board. Mr. Marek Czeredys did not specify the reasons for his resignation. The Company has published mentioned information in a current report No 4/2010.

The Extraordinary General Meeting of ARCUS S.A. Company's Shareholders held on 30 March 2010 adopted the Resolution No 3 of 30 March 2010 regarding the appointment of Mr. Ryszard Barski to the composition of the Supervisory Board. (Mr. Ryszard Barski has been appointed to perform the functions of the Member of the Supervisory Board).

The Extraordinary General Meeting of ARCUS S.A. Company's Shareholders held on 30 March 2010 adopted the Resolution No 5 of 30 March 2010 regarding the appointment of Mrs. Elżbieta Niebisz (Member of the Supervisory Board) as a Chairman of the Supervisory Board.

As at 31 March 2009, 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 Capital Group (hereinafter: 'Group', 'Capital Group') consists of:

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

ARCUS S.A. Capital Group was established on 29 July 2009 as a result of acquisition of 55% of shares 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. is settled with the use of 'purchase price' method.

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

T-matic Systems Ltd. was established as a limited liability company incorporated by the notarized deed of 27 September 2006 (A Repertory No 1776/2006). The company is recorded by the District Court for the Capital City of Warsaw (13th 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. includes:

- 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 telematic solutions, including:

- systems for vehicles management and monitoring,
- measurement systems for electricity, gas, water and heat.

A brief description of Capital Group's significant achievements and failures affecting achieved financial result

The consolidated sale revenues for the first quarter of 2010 amounted to PLN 51 300 000 and increased by 182% (that is by PLN 33 100 000) as compared to the same period of 2009. Taking into consideration unconsolidated financial result, sale revenues increased by nearly 201%. Such increase in sales revenues arises from the activity of strengthened commercial departments and developed business partners network as well as from the performance of contracts commenced in previous quarters.

The consolidated sales revenues for the first quarter of 2010 include inflows from the following business segments:

- IT segment – PLN 47 100 000 of revenue (increase by 221%)
- Services segment – PLN 3 100 000 of revenue (increase by 55%)
- Telematics devices segment – PLN 1 001 000 (decrease by 33%)

In the first quarter of 2010, the consolidated own sales cost increased by 218% that is by PLN 29 100 000. Taking into consideration unconsolidated financial result, the own sales cost increased by 228%. The Capital Group achieved PLN 8 900 000 of gross profit on sales which means an increase by 83% as compared to the result of the first quarter of 2009. Taking into consideration unconsolidated financial result, the gross profit on sales increased by 115%.

In the reporting period, the Capital Group achieved 974 000 of operating profit as compared to PLN 307 000 of loss in the corresponding period last year. ARCUS S.A. Company increased the operating profit up to PLN 1 300 000 as compared to PLN 664 000 of loss in the corresponding period last year. The results achieved in the first quarter of 2010 indicate that the steps undertaken in 2009 and aimed at improving the results of subsequent quarters, strengthening the commercial departments by employing the specialists in sales of advanced solutions for printing and correspondence, strengthening the sales departments characterized by the highest margins – are starting to show the first results now.

The profit on financial activities at the amount of PLN 750 000 (as compared to PLN 2 100 000 of loss in the corresponding period last year) achieved in the first quarter of 2010 (inflows from deposits, interests on loans, currency translation differences) had a significant impact on the net profit. The Capital Group achieved PLN 1 200 000 of net profit (including PLN 1 300 000 of profit attributable to the shareholders of a dominant entity) as compared to the loss of respectively PLN 2 100 000 and PLN 2 300 000 a year earlier.

The financial revenues at the amount of PLN 349 000 (mainly arising from the interests on bank deposits), reduction of negative currency translation differences as well as income tax had a significant impact on the net result achieved in the fourth quarter.

The table below presents the dynamics of consolidated results for the first quarter of 2010 as compared to the corresponding period last year.

	1 January 2010 – 31 March 2010	1 January 2009 – 31 march 2009	Change (%)
Sales revenues	51 312	18 191	182%
Own sales costs	42 430	13 342	218%
Gross profit (loss) on sales	**8 882**	**4 849**	**83%**
Other operating revenues	8	48	-83%
Sales costs	6 641	3 685	80%
General and administrative costs	1 232	1 499	-18%
Other operating costs	43	20	115%
Restructuring costs	0	0	-

Profit (loss) on operating activities	**974**	**-307**	**-**
Financial revenues	804	503	60%
Financial costs	54	2 671	-98%
Net profit (loss)	**1 217**	**-2 149**	**-**
Attributable to:			
Dominant Company's shareholders	1 377	-2 312	-
Minority shareholders	-160	163	

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

In the first quarter of 2010 the working capital, which accounted for 84% (89% one year earlier) of balance sheet total, constituted the main source of Capital Group's business activities financing. The value of current assets amounted to PLN 76 400 000 as compared to PLN 74 800 000 a year earlier. Cash and cash equivalents (PLN 29 100 000 – decrease by 7% as compared to the first quarter of 2009), receivables (PLN 25 500 000 – increase by 41% year over year) and inventory (PLN 21 700 000 – decrease by 14% year over year) constituted the most significant items. Fixed tangible assets (PLN 3 900 000), financial assets available for sale (PLN 3 100 000 – value of TAURON shares) and the goodwill associated with the acquisition of T-matic Systems Ltd. (PLN 3 000 000) shall be recognized as the most significant items of fixed assets.

The equity accounting for over 76% (75% a year earlier) of the balance sheet total, was the main source of Capital Group's business activities financing.

Capital Group's funds ensure the current liquidity and enable the implementation of projects requiring the considerable involvement of capital resources.

In a current report No 2/2010 of 20 January 2010, the Company informed that on 19 January 2010 two agreements exceeding the value of a significant agreement have been concluded between ARCUS S.A. Company and Social Insurance Institution. Sale and delivery (to all branches of Social Insurance Institution in Poland) of 2 400 laser printers (1 000 autonomous and 1 400 network laser printers) with maintenance materials, guarantee and maintenance service for 36 months shall constitute the subject of above mentioned agreements. Total value of agreements amounts to PLN 9 076 800.00 (net amount). The agreement of the highest value was the agreement of 19 January 2010 for net amount – PLN 7 156 800.00. Sale and delivery (to all branches of Social Insurance Institution in Poland) of 1 400 KYOCERA network laser printers with maintenance materials, guarantee and maintenance service for 36 months constitute the subject of above mentioned agreement. Agreement completion date (delivery date): within 60 days after agreement conclusion. Other conditions of mentioned agreement shall comply with standards expected for the execution of such agreements. Contractual penalties: In case of delivery delays, the Contractor shall pay the contractual penalty at the amount equal to 0.2% of agreement value (with VAT tax) for each day of delay. In case of delivery delays over 14 days, the Ordering Party reserves the right to withdraw from the agreement and the Contractor pays the contractual penalty at the amount equal to 20% of agreement value (with VAT tax) irrespective of contractual penalties arising from delays. The Ordering Party shall deduct the contractual penalties from the performance bond or the remuneration payable to the Contractor. The agreement mentioned above meets the criteria of a significant agreement due to the fact that the total value of the agreement exceeds 10% of Issuer's equity.

In a current report No 3/2010 of 16 February 2010, the Company informed about the transactions in ARCUS S.A. Company's shares. On 16 February 2010, the Management Board of ARCUS S.A. Company received a notification from Mr.

Marek Czeredys. Pursuant to the content of the mentioned notification Mr. Marek Czeredys, as a majority shareholder and the Chairman of the Company's Supervisory Board, disposed 1 835 115 shares of ARCUS S.A. Company constituting for 24% of share capital and 24% of the total number of votes at ARCUS S.A. General Meeting. Shares have been valued at PLN 10 995 380, which means that each share of ARCUS S.A. has been valued at PLN 5.99. The transaction described above, has been concluded outside the regulated market on the basis of contribution in kind agreement. 1 835 115 shares have been transferred to MMR Incest S.a.r.l. (with its registered in Luxembourg) in order to cover 583 shares in increased capital of above mentioned company. Due to the take-up of MMR Incest S.a.r.l. shares, as of 11 February 2010 this company shall be recognized as a subsidiary of Mr. Marek Czeredys that is as a legal person closely related to Mr. Marek Czeredys within the meaning of article 160(4) of the Act on Trading in Financial Instruments.

In a current report No 4/2010 the Company informed that on 25 February 2010 Mr. Marek Czeredys has tendered his resignation as a Supervisory Board Member to Mr. Wojciech Kruszyński – the President of ARCUS S.A. Company Management Board. Mr. Marek Czeredys did not specify reasons for his resignation.

In a current report No 5/2010 the Company informed about convening for 30 March 2010 (Tuesday), at 10:00 hours the Extraordinary General Meeting of Shareholders. The Meeting was held in Warsaw at Miła 2 Street (conference room No. 9, ground floor) with the following Agenda:

1. Opening of the EGM.
2. Election of the Chairman of the EGM.
3. Preparation of the attendance list.
4. Acknowledgement that the EGM has been properly convened and is able to adopt resolutions.
5. Approval of EGM Agenda.

6. Adoption of a resolution on appointment of the Supervisory Board Member.
7. Adoption of a resolution on setting the remuneration of the Supervisory Board Member.
8. Adoption of a resolution on appointment of the Chairman of the Supervisory Board.
9. Closing of the EGM.

In a current report No 7/2010 the Company informed that on 3 March 2010 received a notification which was submitted to the Company on the basis of Art. 69 of the Act on Public Offering and the conditions for introducing financial instruments to the organized trading system and on public companies of 29 July 2005 (Journal of Laws of 2009, No. 185, item 1439 as amended, hereinafter: 'Act on Public Offering'). Pursuant to the content of above mentioned notification, on 3 March 2010 Mr. Marek Czeredys and his son - Mr. Michał Czeredys received an information that on 25 February 2010 the ownership of shares which were the subject to the transaction of 11 February 2010 concluded with MMR Invest S.a.r.l. Company (hereinafter: 'MMR') with its registered office in Luxembourg, has been transferred. The ownership of 500 000 ARCUS S.A. Company's shares has been transferred as a result of entering mentioned shares on the securities account of an acquirer – MMR Company. Mentioned shares accounting for 6.76% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company, were previously held by Mr. Michał Czeredys. The ownership of shares has been transferred on the basis of an agreement of 11 February 2010 as regards the increase of share capital of MMR (Invest S.a.r.l.) with its registered office in Luxembourg. Before the disposal of above mentioned shares, Mr. Michał Czeredys held 500 000 ARCUS S.A. Company's shares accounting for 6.76% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company. After the disposal transaction, Mr. Michał Czeredys does not hold any shares of ARCUS S.A. Company.

The ownership of 1 835 115 ARCUS S.A. Company's shares has been transferred as a result of entering mentioned shares on the securities account of an acquirer – MMR Company. Mentioned shares accounting for 24.8% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company, were previously held by Mr. Marek Czeredys. The ownership of shares has been transferred on the basis of an agreement of 11 February 2010 as regards the increase of share capital of MMR (Invest S.a.r.l.) with its registered office in Luxembourg. Before the disposal of above mentioned shares, Mr. Marek Czeredys held 4 300 000 ARCUS S.A. Company's shares accounting for 58.15% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company. After the disposal transaction, Mr. Marek Czeredys holds directly 2 464 885 ARCUS S.A. Company's shares accounting for 33.3% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company.

Before the transfer of shares to MMR Company, Mr. Marek Czeredys and Mr. Michał Czeredys held jointly 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.

At the same time, due to the take-up of MMR Company's shares, on 11 February 2010 Mr. Marek Czeredys became a Dominant Entity of MMR. Currently, Mr. Czeredys holds 583 MMR Company's shares accounting for 67.24% of share capital and corresponding share in the total number of votes at the General Meeting of Luxembourgian Company. Therefore, due to the take-up of MMR (Invest S.a.r.l.) Company's shares and acquisition of ARCUS S.A. Company's shares by MMR, Mr. Marek Czeredys holds 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. That means that Mr. Marek Czeredys:

a) holds directly 2 464 885 ARCUS S.A. Company's shares accounting for 33.3% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company,
b) holds indirectly through MMR 2 335 115 ARCUS S.A. Company's shares accounting for 31.6% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company.

MMR Company shall be the only subsidiary company of Mr. Marek Czeredys which holds the shares of ARCUS S.A. Company. There are no subsidiary companies of Mr. Michał Czeredys holding the shares of ARCUS S.A. Company. There are also no entities as referred to in Art. 87.1.3c of the Act on Public Offering.

In a current report No 9/2010 the Company informed that on 23 March 2010 received the information that as a result of Company's current statutory business activities performance, the sales of products included in Issuer's offer to WASKO S.A. Company amounted to PLN 8 273 125.00 (net) in the period between January 2010 and 23 March 2010. The invoice of 25 February 2010 for PLN 3 600 257.49 (net amount) for the delivery of computer networking equipment shall be recognized as the most significant invoice in above mentioned period. The sale was based on the order of 5 February 2010. Any provisions concerning contractual penalties were not determined. Other conditions of transaction complied with standards expected for the execution of such transactions.

In a current report No 10/2010 the Company informed that on 29 March 2010 received a notification that has been submitted to the Company on the basis of Art. 69 of the Act on Public Offering and the conditions for introducing financial instruments to the organized trading system and on public companies of 29 July 2005 (Journal of Laws of 2009, No. 185, item 1439 as amended, hereinafter: 'Act on Public Offering'). Pursuant to the content of above mentioned notification, on 29 March 2010 Mr. Marek Czeredys received information that on 25 March 2010 the ownership of 2 464 885 directly held by him shares of ARCUS S.A.

Company (which accounts for 33.33% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company) has been transferred. As a result of entering mentioned shares on the securities account of an acquirer – MMR Invest S.a.r.l. Company (hereinafter: 'MMR') with its registered office in Luxembourg – MMR Company shall be the subsidiary of Mr. Marek Czeredys. The ownership has been transferred on the basis of MMR Company's share capital increase agreement of 5 March 2010. Before the disposal of above mentioned shares, Mr. Marek Czeredys held 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 that is Mr. Marek Czeredys:

c) held directly 2 464 885 ARCUS S.A. Company's shares accounting for 33.33% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company,
d) held indirectly through MMR 2 335 115 ARCUS S.A. Company's shares accounting for 31.58% of share capital and corresponding share in the total number of votes at the General Meeting of ARCUS S.A. Company.

After the disposal of above mentioned shares, Mr. Marek Czeredys holds 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 that is Mr. Marek Czeredys:

a) does not hold directly shares of ARCUS S.A. Company,
b) 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.

MMR Company shall be the only subsidiary company of Mr. Marek Czeredys which holds the shares of ARCUS S.A. Company. There are no entities as referred to in Art. 87.1.3c of the Act on Public Offering.

In a current report No 12/2010 the Company informed about the content of the of resolutions adopted by the Extraordinary General Meeting of ARCUS S.A. Company's Shareholders held on 30 March 2010. In accordance with the resignation of Mr. Marek Czeredys as a Supervisory Board Member (current report No 4/2010 of 25 February 2010), the Extraordinary General Meeting of ARCUS S.A. Company's Shareholders held on 30 March 2010 adopted the Resolution No 3 of 30 March 2010 regarding the appointment of Mr. Ryszard Barski to the composition of the Supervisory Board. Furthermore, the Extraordinary General Meeting of ARCUS S.A. Company's Shareholders held on 30 March 2010 adopted the Resolution No 5 of 30 March 2010 regarding the appointment of Mrs. Elżbieta Niebisz (Member of the Supervisory Board) as a Chairman of the Supervisory Board.

The extended description of factors which influenced Group's net result is presented in Chapter III of the report hereof.

Employment

The table below presents the changes in ARCUS S.A. Company's employment structure.

Employment status	Service staff	Warehouse staff	Sales staff	Management	Accounting Department Staff	Administration staff	TOTAL
31 March 2009	33	3	23	2	4	13	**78**
31 March 2010	31	4	44	3	4	15	**101**
Change	-2	1	21	1	0	2	**23**

Change (%)	-6%	33%	91%	50%	0%	15%	**29%**

In the first quarter of 2010, the employment in ARCUS S.A. Company increased as compared to the same period last year. Total employment increased by 29% that is up to 101 employees. The largest increase has been recognized in Commercial Departments (increase by 21 employees) which is associated with the process of Company's sales structures strengthening.

The table below presents the structure of employment of a subsidiary (T-matic) – as at the end of the first quarter of 2010:

Employment status	**Technical Support Staff**	**IT Department**	**Sales staff**	**Administration staff**	**Management**	**TOTAL**
31 March 2009	5	0	2	4	2,25	**13,25**
31 March 2010	6	3	2	4	1,25	**16,25**
Change	1	3	0	0	-1	**3**
Change (%)	20%	-	0%	0%	-44%	**23%**

In the first quarter of 2010 T-matic Ltd. increased the employment in Operational and Technical departments as compared to the first quarter of 2009. The increase of employment in IT Department by 3 employees and by 1 employee in Technical Support Department was of considerable importance.

Management of financial funds acquired through company's shares public issue

Financial assets acquired through shares public issue at the amount not used for issue objectives, have been deposited in PeKaO S.A. Bank.

Other events

Chapter III of this report comprises other information which according to the company is significant for the evaluation of its human resources, property, financial situation, and information significant for assessment of issuer's possibilities to implement its commitments.

Significant events after balance sheet date

The following significant events occurred after balance sheet date:

- On 26 April 2010, The Management Board of ARCUS S.A. received the information that as a result of Company's current statutory business activities performance, the value of turnover between the Issuer and TENEO Polska Ltd. (Zielonka, 140 Bankowa Street) amounted to PLN 7 868 654.00 (net) in the period between December 2009 and 26 April 2010. The invoice of 31 March 2010 for PLN 426 316.00 (net amount) for the sale of KYOCERA printers shall be recognized as the most significant invoice in above mentioned period. Any provisions concerning contractual penalties were not determined. Other conditions of transaction comply with standards expected for the execution of such transactions. The information was published in a current report No 16/2010.

- On 4 May 2010 an Annex to the perpetual cooperation agreement of 12 December 2003 with Kyocera Mita Europe B.V. (hereinafter: 'Kyocera') with its registered office in Netherlands, Hoeksteen 40, 2132 MS Hoofddorp, was signed. In accordance with the provisions of aforementioned Annex, ARCUS S.A. Company shall be the exclusive distributor of Kyocera Mita multifunctional devices and printers in Poland. The total estimated value of the agreement amounts to EUR 20 000 000 (net amount) which is equal to PLN 78 040 000 approximately (calculated in accordance with the exchange rate determined for Euro by the National Bank of Poland as at the day of agreement conclusion). The agreement is of perpetual nature. No provisions concerning contractual penalties and compensation claims were determined. Other conditions of agreement comply with standards expected for the execution of such agreements. The information was published in a current report No 20/2010.

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:

- Realization of investment projects for some key clients who postponed the implementation of these projects to next quarters,
- Timely realization of won tenders and competition proceedings,
- Final settlement of announced tenders which value may significantly influence revenues and results achieved in next quarter,
- Increasing the number of orders for high-margin goods and services,
- Extension of key clients’ decision-making processes associated with conducting and settlement of public tenders for computerization or automation of document and correspondence management systems.
- The development of B2B direct and indirect sales channels. In the short period it may increase the costs of operating activities, whereas in long term should reduce the role of public sector in revenues and at the same time increase the revenues from business sector.

- 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. telematic services provided by T-matic Company (solutions for transport management and remote media measurement). Acquisition of companies whose offer includes teletransmission, telemetric or IT services characterized by high added value (e.g. IT security).
- Development of current scope of business activities, with particular consideration of development of distribution channels for main products included in company's offer – copiers, printers and devices for mass correspondence management. Increasing the share in revenues from sale of Kyocera Mita and Pitney Bowes devices in B2B sector. Pursuant to the above, the agreement with Kyocera Mita Europe B.V. seems to be of particular importance. In accordance with mentioned agreement ARCUS S.A. shall act as a Distributor of all models of copiers and multi-functional products ('MFP') offered by Kyocera.
- Economic recovery in Poland associated with global financial crisis may negatively influence the demand for products offered by the Group. In turn, such situation may negatively influence the revenues and profits. If the economic downturn worsens, the relevant steps shall be undertaken in order to minimize the negative impact on Group's business activity and its results.
- 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.

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.

IV. ACCOUNTING PRINCIPLES

Basis for financial information preparation

The presented consolidated financial statement has been prepared as at 31 March 2010. The comparable data cover the period of 1 January 2009 – 31 March 2009 and include the data of the dominant entity. ARCUS S.A. Capital Group was established on 29 July 2008. The Group's financial year is a calendar year.

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

Financial data included in the financial statement have been expressed in PLN, unless in specific situations, have been expressed with higher accuracy. Polish Zloty (PLN) is Group's functional and reporting currency.

Statement of conformity

The presented financial statement for the period of 1 January 2010 – 31 March 2010 as well as comparable data for the period from 1 January to 31 March 2009 has been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the European Union.

Currently, the International Financial Reporting Standards (IFRS) as approved by the European Union do not significantly differ from the regulations approved by the International Accounting Standards Board with the exception of the following standards and new interpretations applicable to annual periods beginning on or after 1 January 2009:

- IFRS 8 'Operating Segments' that replaced IAS 14 'Segment Reporting'.
- IAS 1 'Presentation of financial statements' (applicable to financial statements prepared for the periods beginning on 1 July 2009 and later) - all owner changes in equity shall be presented separately from non-owner changes in equity. Pursuant to the above the statement of changes in equity includes only the details of transactions with owners while all other changes in equity are presented separately. Additionally, the standard introduces the statement of comprehensive income which covers all items of revenues and costs recognized in profit or loss account as well as all other items of recognizable revenues and costs while the presentation of all items together in one statement or the presentation of two associated statements is possible. The Group has presented the profit and loss account and statement of comprehensive income.
- IAS 23 'Borrowing Costs' – the amended standard requires that the borrowing costs associated with acquisition, construction or manufacturing of an adjusted component of assets shall be recognized as an element of purchase price or manufacturing cost.

- IFRS 2 'Share-based Payment: Vesting Conditions and Cancellations' – this amendment clarifies the meaning of vesting conditions and applies to the recognition of cancelation of award rights.
- IAS 32 'Financial Instruments: Presentation' and IAS 1'Presentation of financial statements' – puttable financial instruments and obligations arising on liquidation. Those amendments introduce a limited, as regards the scope, exclusion concerning the puttable financial instruments which may be classified as components of equity providing that certain conditions are satisfied.
- IFRIC Interpretation 13 'Customer Loyalty Programmes' – the interpretation requires the 'award credits' granted within sales transaction to be recognized as a part of such transaction.
- Amendments arising from the annual review of IFRS – applicable to annual periods beginning on 1 January 2009 or later – not approved by the European Union before the day of the financial statement hereof Approvement.
- IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and Separate Financial Statements' – the cost of investment in a subsidiary entity, co-controlled entity and associated entity, in line with IFRS 1 amendments, may be recognized in the unconsolidated financial statement of an entity applying the IFRS for the first time as the 'cost' of investment in subsidiary entities, co-controlled entities and associated entities pursuant to IAS 27 or on the basis of deemed cost. IAS 27 amendment requires all dividends received from a subsidiary entity, co-controlled entity or associated entity to be recognized in a dominant entity's unconsolidated financial statement in the profit and loss account.
- IFRIC Interpretation 12 'Service Concession Agreements' – the interpretation applies to franchisees and clarifies how the obligations and rights arising from such agreements shall be recognized.
- IFRS 7 (amendment) 'Financial Instruments: Disclosure' – the amended standard requires to disclose additional information as regards fair value

measurement and liquidity risk. The amended IFRS 7 requires fair value measurements, as regards each class of financial instruments, to be disclosed by the source of inputs.

- IFRIC Interpretation 15 'Agreements for the Construction of Real Estate' – determines when and how to recognize the revenues from sales of real estate and associated costs if an agreement between the developer and the buyer is being concluded before the completion of the construction. The Interpretation includes also guidelines as regards the way of determining if an agreement is covered by IAS 11 or IAS 18,
- IFRIC Interpretation 16 'Hedges of a Net Investment in a Foreign Operation' – the interpretation includes the guidelines regarding the recognition of a net investment in a foreign operation as well as provides the instructions in the scope of: identifying foreign exchange risks classified to hedge accounting within hedges of a net investment, positioning of hedge instruments in the structure of the capital group and determining by the entity the amount of foreign exchange gains and losses as regards both net investment and hedge instrument. Mentioned amount shall be reclassified from equity to profit and loss account at the moment of a foreign entity disposal.
- IFRIC Interpretation 18 'Transfer of Assets from Customers' - the interpretation includes the guidelines regarding the recognition of Assets from Customers. The interpretation shall be applicable to transactions concluded 1 July 2009 or later.
- IFRIC Interpretation 9 (amendments) 'Reassessment of embedded derivatives' and IAS 39 'Financial Instruments: recognition and valuation: embedded derivatives' – the amendment requires the assessment if the embedded derivative shall be recognized separately at the moment of reclassifying the hybrid financial instrument from the category of financial instruments valued at fair value through the financial result. A first-time adopter must assess whether an embedded derivative is required to be separated on the basis of the conditions that existed at the date it first became a party to the contract, unless there was a subsequent change in

terms of the contract that significantly modified the cash flows. IAS 39 – if an embedded derivative cannot be reliably valued, then the whole hybrid financial instrument shall be classified to the category of financial instruments valued at fair value through the financial result

New standards and interpretations – published but not in force.

- Amendments arising from the annual review of IFRS – partially applicable to annual periods beginning on 1 July 2009 and partially applicable to annual periods beginning on 1 January 2010 – not approved by the European Union before the day of the financial statement hereof approvement.
- IFRS 2 (amendments) - 'Share-based Payment - group cash-settled share-based payment' - applicable to annual periods beginning on 1 January 2010 or later – not approved by the European Union before the day of the financial statement hereof approvement.
- IFRS 1 (amendments) - 'First-time Adoption of International Financial Reporting Standards' – additional exemptions for first-time adopters - applicable to annual periods beginning on 1 January 2010 or later – not approved by the European Union before the day of the financial statement hereof approvement.
- IAS 32 (amendments) 'Financial Instruments': presentation: classification of pre-emptive rights issue - applicable to annual periods beginning on 1 February 2010 or later.
- IAS 24 'Related Party Disclosures' - applicable to annual periods beginning on 1 January 2011 or later – not approved by the European Union before the day of the financial statement hereof approvement.
- IFRS 9 'Financial Instruments' - applicable to annual periods beginning on 1 January 2013 or later – not approved by the European Union before the day of the financial statement hereof approvement.
- IFRIC 14 (amendments) IAS 19 (amendments) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction -

applicable to annual periods beginning on 1 January 2011 or later – not approved by the European Union before the day of the financial statement hereof approvement.

- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments - applicable to annual periods beginning on 1 January 2010 or later – not approved by the European Union before the day of the financial statement hereof approvement.
- IFRS 1 (amendments) - 'First-time Adoption of International Financial Reporting Standards': limited exemption from an obligation to present comparable data required by IFRS 7 for IFRS first-time adopters - applicable to annual periods beginning on 1 July 2010 or later – not approved by the European Union before the day of the financial statement hereof approvement.

Principles of consolidation

The consolidated financial statement comprises the financial statement of a dominant company and a subsidiary controlled by the dominant company, prepared as at 31 March 2010 (comparable data for 2009).

ARCUS S.A. Company assumed control over the subsidiary – T-matic Systems Ltd. on 29 July 2008. The control occurs when a dominant entity has a possibility to influence the financial and operational policy of a subsidiary in order to achieve the benefits from its business activities.

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

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

Both a parent company and a subsidiary prepared their financial statements for 2008 in accordance with the provisions of Polish Accounting Act. Mentioned statements were amended in order to adjust their content to the requirements of the International Financial Reporting Standards.

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

Changes in Accounting Principles

During the period covered by this statement, ARCUS S.A. Company and the Capital Group have not changed the applied accounting principles.
The accounting principles applicable as at today have been presented in ARCUS S.A. Capital Group’s annual statement for the year 2009 published on 30 April 2010.

VI. CONDENSED UNCONSOLIDATED FINANCIAL STATEMENT OF ARCUS S.A. COMPANY FOR THE FIRST QUARTER OF 2010

The condensed unconsolidated financial statement of ARCUS S.A. for the first quarter of 2010 has been prepared in accordance with International Financial Reporting Standards.

Selected financial data of ARCUS S.A. Company

Selected Financial Data	First Quarter of 2010	31 December 2009	First Quarter of 2009	First Quarter of 2010	31 December 2009	First Quarter of 2009
	PLN THOUSAND			EUR THOUSAND		
I. Revenues from sales of products, goods and materials	50 303	113 859	16 676	12 681	26 231	3 626
II. Operating Profit (Loss)	1 322	577	-644	333	133	-140
III. Profit (Loss) Before Tax	2 164	1 441	-2 776	546	332	-604
IV. Net Profit (Loss)	1 623	1 121	-2 511	409	258	-546
V. Net Operating Cash Flow	9 387	-4 705	5 963	2 366	-1 084	1 296
VI. Net Investment Cash Flow	-376	-2 925	-1 215	-95	-674	-264
VII. Net Financial Cash Flow	236	1 833	0	59	422	0
VIII. Change in Cash	9 247	-5 797	4 748	2 331	-1 336	1 032
IX. Total Assets	87 420	100 123	78 445	22 635	24 372	16 686
X. Long-Term Liabilities	2 430	2 307	477	629	562	101
XI. Short-Term Liabilities	17 600	32 639	16 374	4 557	7 945	3 483

XII. Equity	67 138	64 917	61 275	17 383	15 802	13 034
XIII. Share Capital	740	740	730	192	180	155
XIV. Shares Number (weighted average)	7 395 157	7 395 157	7 296 681	7 395 157	7 395 157	7 296 681
XV. Net Profit (Loss) per Share	0.22	0.15	-0.34	0.06	0.02	-0.07

Statement of ARCUS S.A. comprehensive income

Statement of comprehensive income	1 January 2010 – 31 March 2010	1 January 2009 – 31 December 2009	1 January 2009 – 31 March 2009
	PLN THOUSAND		
Continued business activity			
Sales revenue	50 303	113 859	16 676
Own sales cost	41 665	94 585	12 672
Gross sales profit (loss)	**8 638**	**19 274**	**4 004**
Other operating revenue	1	111	46
Sales costs	6 471	13 935	3 576
General and administrative costs	806	4 697	1 099
Other operating costs	40	176	19
Restructuring costs	0	0	0
Operating profit (loss)	**1 322**	**577**	**-644**
Financial revenue	878	1 824	513
Financial costs	36	960	2 645
Profit (loss) before tax	**2 164**	**1 441**	**-2 776**

Income tax	541	320	-265
Continued business activity profit (loss)	**1 623**	**1 121**	**-2 511**
Discontinued business activity	0	0	0
Discontinued business activity net profit (loss)	**0**	**0**	**0**
Net profit (loss)	**1 623**	**1 121**	**-2 511**
Net profit (loss) annualized	**5 255**	**1 121**	**1 350**
Profit (loss) per share			
Continued business activity:			
Ordinary	0.22	0.15	-0.34
Diluted	0.22	0.15	-0.34
Profit (loss) for the period	1 623	1 121	-2 511
Other comprehensive income			
Financial assets available for sale			
Cash flow hedge			
Actuarial profits (losses) due to retirement benefits			
Income tax regarding other comprehensive income			
Other net comprehensive income			
Total income for the period	**1 623**	**1 121**	**-2 511**

Statement of ARCUS S.A. financial position

Statement of financial position	As at 31 March 2010	As at 31 December 2009	As at 31 March 2009
	PLN THOUSAND		
FIXED ASSETS			
Intangible Assets	533	532	405
Tangible fixed assets	3 439	3 362	1 284
Shares in subsidiaries	3 598	3 598	3 598
Financial assets available for sale	3 152	2 523	2 523
Long term receivables	530	534	229
Other long-term investments	0	0	0
Deferred income tax assets	563	317	548
	11 815	**10 866**	**8 587**
CURRENT ASSETS			
Inventory	19 650	17 597	22 878
Short term investments	2 882	2 803	1 528
Trade and other receivables	24 033	49 064	15 114
Income tax receivables (refunds)	0	0	0
Cash and its equivalents	29 040	19 793	30 338
	75 605	**89 257**	**69 858**
TOTAL ASSETS	**87 420**	**100 123**	**78 445**

Statement of financial position	As at 31 March 2010	As at 31 December 2009	As at 31 March 2009
	PLN THOUSAND		
Equity			
Share capital	740	740	730
Capital reserve from sale of shares at premium	37 631	37 631	37 631
Reserve Revaluation capital	598	0	1
Other capital reserves	393	393	142
Reserve Capital	25 032	25 032	21 285
Hedging Transactions Revaluation Capital	0	0	0
Retained earnings	2 744	1 121	1 486
	67 138	**64 917**	**61 275**
Long-term liabilities			
Provisions for deferred income tax	289	165	96
Provisions for liabilities	340	340	381
Other long-term liabilities	1 801	1 802	0
	2 430	**2 307**	**477**
Short-term liabilities			
Trade and other liabilities	15 253	31 504	15 832
Income tax liabilities	175	286	0
Provisions for liabilities	2 172	849	542
Other financial liabilities	0	0	0
	17 600	**32 639**	**16 374**
Other liabilities	252	260	319
TOTAL LIABILITIES	**87 420**	**100 123**	**78 445**

STATEMENT OF CHANGES IN EQUITY

For the period of 1 January 2010 – 31 December 2010

	Core Capital	Reserve Capital	Retained Earnings	Revaluation Capital	Other Reserve Capital	Total	TOTAL EQUITY
	PLN THOUSAND						
Status as at 1 January 2010	**740**	**38 024**	**1 121**	**0**	**25 032**	**64 917**	**64 917**
Changes in accounting principles			0				**0**
Increases	0	0	1 623	598	0	**2 221**	**2 221**
Share conversion PKE/TAURON	0	0	0	598		**598**	**598**
Profit allocation	0	0	0			**0**	**0**
Current period result	0	0	1 623			**1 623**	**1 623**
Decreases			0	0		**0**	**0**
Current period result			0			**0**	**0**
Profit allocation			0			**0**	**0**
Dividend payment	0	0	0			**0**	**0**
Status as at 31 March 2010	**740**	**38 024**	**2 744**	**598**	**25 032**	**67 138**	**67 138**

For the period of 1 January 2009 – 31 March 2009

	Core Capital	Reserve Capital	Retained Earnings	Revaluation Capital	Other Reserve Capital	Total	TOTAL EQUITY
Status as at 1 January 2009	**730**	**37 773**	**3 996**	**1**	**21 285**	**63 785**	**63 785**
Changes in accounting principles			**0**				**0**
Increases	0	0	0		0	**0**	**0**
Share issue	0	0	0			**0**	**0**
Profit allocation	0	0	0			**0**	**0**
Current period result	0	0	0			**0**	**0**
Decreases			**2 510**	0		**2 510**	**2 510**
Current period result			**0**			**0**	**0**
Profit allocation			**2 510**			**2 510**	**2 510**
Dividend payment	0	0	0			**0**	**0**
Status as at 31 March 2009	**730**	**37 773**	**1 486**	**1**	**21 285**	**61 275**	**61 275**

For the period of 1 January 2009 – 31 December 2009

	Core Capital	Reserve Capital	Retained Earnings	Revaluation Capital	Other Reserve Capital	Total	TOTAL EQUITY
Status as at 1 January 2009	**730**	**37 773**	**3 996**	**1**	**21 285**	**63 785**	**63 785**
Changes in accounting principles			**0**				**0**

Increases	10	251	1 121		3 747	**5 129**	**5 129**
Share issue	10	0	0			**10**	**10**
Profit allocation	0	251	0			**251**	**251**
Current period result	0	0	1 121			**1 121**	**1 121**
Decreases			**3 996**	1		**3 997**	**3 997**
Current period result			**0**			**0**	**0**
Profit allocation			**3 996**			**3 996**	**3 996**
Dividend payment	0	0	0			**0**	**0**
Status as at 31 December 2009	**740**	**38 024**	**1 121**	**0**	**25 032**	**64 917**	**64 917**

Cash Flow Statement

	1 January 2010 – 31 March 2010	1 January 2009 – 31 March 2009
	PLN THOUSAND	
Operating Activities		
Profit (Loss) before Tax	2 164	-2 776
Items Adjustments	7 223	8 739
Depreciation	298	138
Currency Translation Differences	0	0
Interest Received	-332	-513
Interest Paid	0	0
Dividend received	0	0
Profit (Loss) on Investment Activities	0	-2
Change in Inventories	-2 052	-6 960

Change in accounts receivable	24 789	29 502
Change in Liabilities and Reserves	-14 596	-13 982
Change in other Assets	-79	572
Income Tax Paid	-774	0
Other	-31	-16
	9 387	5 963
Investment Activities		
Inflows	0	2
Inflows proceeding from disposal of intangible assets and tangible fixed assets	0	2
Inflows from Financial Assets In Other Entities	0	0
Outflows	-376	-1 217
Outflows regarding acquisition of tangible fixed assets	-376	-217
Outflows regarding acquisition of financial assets	0	0
Outflows regarding acquisition of financial assets in related entities	0	0
Other outflows	0	-1 000
	-376	-1 215
Financial Activities		
Inflows	332	0
Inflows from share issue	0	0
Other financial inflows	0	0
Inflows from contracted credit and loans	0	0
Interests	332	0
Outflows	-96	0

Repayment of credit and loans	0	0
Payment of liabilities arising from financial leases	-96	0
Interest Paid	0	0
Currency Translation Differences	0	0
	236	0
Change in Cash	9 247	4 748
Balance Sheet Change in Cash	9 247	4 748
Change in Cash preceding from Currency Translation Differences		
Cash at the period beginning	19 793	25 590
Cash at the period end	29 040	30 338

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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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Konrad Kowalczuk – Vice-President of the Management Board

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Prepared by: Grażyna Syryczyńska – Chief Accountant

Warsaw, 17 May 2010.