ARCUS S.A. CAPITAL GROUP

www.arcus.pl

CONSOLIDATED

FINANCIAL STATEMENT

FOR THE THIRD QUARTER OF 2010

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

Warsaw, 15 November 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	Third Quarter 2010	Third Quarter 2009	For the year 2009	Third Quarter 2010	Third Quarter 2009	For the year 2009
	PLN THOUSAND			EUR THOUSAND		
I. Revenues from sales of products, goods and materials	117 067	58 760	119 487	29 247	13 357	27 528
II. Operating Profit (Loss)	-2 791	-4 879	699	-697	-1 109	161
III. Profit (Loss) Before Tax	-1 834	-5 108	1 292	-458	-1 161	298
IV. Net Profit (Loss)	-1 536	-4 973	991	-384	-1 130	228
V. Net Profit (Loss) attributable to Dominant Company's shareholders	-859	-4 849	1 026	-215	-1 102	236
VI. Net Operating Cash Flow	4 239	7 581	-5 601	1 059	1 723	-1 290
VII. Net Investment Cash Flow	-1 961	-1 141	-1 382	-490	259	-318
VIII. Net Financial Cash Flow	288	1 078	1 346	72	245	310
IX. Change in Cash	2 566	7 518	-5 637	641	1 709	-1 299
X. Total Assets	93 567	76 377	103 498	23 468	18 088	25 193
XI. Long-Term Liabilities	3 108	900	2 627	780	213	639
XII. Short-Term Liabilities	25 518	14 652	34 072	6 400	3 470	8 294
XIII. Equity	64 739	60 561	66 539	16 238	14 342	16 197
XIV. Equity attributable to Dominant Company's shareholders	64 430	59 664	65 553	16 160	14 130	15 957
XV. Share Capital	740	740	740	186	175	180
XVI. Shares Number (weighted average)	7 395 157	7 395 157	7 395 157	7 395 157	7 395 157	7 395 157
XVII. Net Profit (Loss) per Share attributable to Dominant Company's shareholders (in PLN/EUR)	-0,12	-0,66	0,14	-0,03	-0,15	0,03
XVIII. Diluted Profit (Loss) per share attributable to Parent Company shareholders (in PLN/EUR)	-0,12	-0,66	0,14	-0,03	-0,15	0,03

The following exchange rates have been applied for the calculation of the selected financial data in EUR:

- For balance sheet items – 3.9870 - National Bank of Poland's exchange rate applicable on 30 September 2010, 4.1082- National Bank of Poland's exchange rate applicable on 30 September 2009, 4.2226 - National Bank of Poland's exchange rate applicable on 31 December 2009;
- For profit and loss account items and cash flow statement items for the period of 9 months of 20010 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 30 September 2010: EUR 1 = PLN 4.0027
  - Average exchange rate between 1 January and 30 September 2009: EUR 1 = PLN 4.3993
  - Average exchange rate between 1 January and 31 December 2009: EUR 1 = PLN 4.3406

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income	01.01-30.09.2010	01.01-30.09.2009	01.07-30.09.2010	01.07-30.09.2009
	PLN THOUSAND			
Continued business activity				
Sales revenue	117 067	58 760	37 570	17 311
Own sales cost	98 857	48 384	33 215	14 365
Gross sales profit (loss)	**18 210**	**10 376**	**4 355**	**2 946**

Other operating revenue	87	104	41	39
Sales costs	15 900	8 215	4 774	3 470
General and administrative costs	5 042	6 789	1 397	1 927
Other operating costs	146	355	22	-104
Restructuring costs	0	0	0	0
Operating profit (loss)	**-2 791**	**-4 879**	**-1 797**	**-2 308**
Financial revenue	1 047	1 293	326	346
Financial costs	90	1 522	-531	-447
Profit (loss) before tax	**-1 834**	**-5 108**	**-940**	**-1 515**
Income tax	-298	-135	-277	28
Net profit (loss) from Continued business activity	**-1 536**	**-4 973**	**-663**	**-1 543**
Discontinued business activity	0	0	0	0
Discontinued business activity net profit (loss)	**0**	**0**	**0**	**0**
Net profit (loss)	**-1 536**	**-4 973**	**-663**	**-1 543**
Attributable to:				
shareholders of a dominant company	**-859**	**-4 849**	**-473**	**-1 326**
minority shareholders	**-677**	**-124**	-190	-217
Net Profit (loss) annualized	**4 428**	**-1 622**		
Profit (loss) per share attributable to shareholders of the dominant company				
Continued business activity:				
Ordinary	-0,12	-0,66	-0,06	-0,18
Diluted	-0,12	-0,66	-0,06	-0,18

discontinued business activity:				
Ordinary	-0,12	-0,66	-0,06	-0,18
Diluted	-0,12	-0,66	-0,06	-0,18

Statement of comprehensive income	**01.01-30.09.2010**	**01.01-30.09.2009**	**01.07-30.09.2010**	**01.07-30.09.2009**
	PLN THOUSAND			
Net Profit (loss) for the period	**-1 536**	**-4 973**	**-663**	**-1 543**
Other comprehensive income				
Financial Assets available for sale	-436		367	
Cash Flow collateral	40		40	
Actuarial Profit (loss) due to retirement pension programs				
Income Tax regarding other comprehensive income	83		-70	
Other net comprehensive income				
Comprehensive income for the period	**-1 849**	**-4 973**	**-326**	**-1 543**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	**As on 30 September 2010**	**As on 31 December 2009**	**As on 30 September 2009**
	PLN THOUSAND		
FIXED ASSETS			
Intangible Assets	2 259	1 664	1 823
Consolidation goodwill	3 029	3 029	3 029
Tangible fixed assets	1 517	3 884	1 697
Financial assets available for sale	2 119	2 523	2 523
Long term receivables	660	534	248

Deferred income tax assets	1 553	491	454
	13 143	**12 125**	**9 774**
CURRENT ASSETS			
Inventory	26 719	19 639	22 980
Short term investments	477	0	0
Trade and other receivables	30 111	51 630	10 392
Financial assets – hedging instrument	3		
Income Tax Receivables	472	28	0
Cash and its equivalents	22 642	20 076	33 231
	80 424	**91 373**	**66 603**
TOTAL ASSETS	**93 567**	**103 498**	**76 377**

Liabilities	**As on 30 September 2010**	**As on 31 December 2009**	**As on 30 September 2009**
	PLN THOUSAND		
Equity (attributable to the shareholders of the dominant company)			
Share capital	740	740	740
Reserve Capital from sale of shares at premium	37 631	37 631	37 631
Reserve Revaluation capital	-353	0	0
Other capital reserves	143	143	143
Reserve Capital	14 261	14 261	14 261
Capital from valuation of hedging transactions	40		
Retained earnings	11 968	12 778	6 889
	64 430	**65 553**	**59 664**
Minority share	309	986	897
Total Equity	**64 739**	**66 539**	**60 561**

Long-term liabilities			
Provision for deferred income tax	806	387	311
Provisions for liabilities	437	340	337
Other long-term liabilities	1 865	1 900	252
	3 108	**2 627**	**900**
Short-term liabilities			
Short term bank loans and credits	0	0	168
Trade and other liabilities	23 868	32 963	13 644
Income tax liabilities	0	286	0
Provisions for liabilities	1 650	823	840
Other financial liabilities	0	0	0
	25 518	**34 072**	**14 652**
Other liabilities	202	260	264
TOTAL LIABILITIES	**93 567**	**103 498**	**76 377**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period of 1 January 2010 – 30 September 2010

	Core Capital	Capital reserve from sale of shares at premium	Retained Earnings	Revaluation Capital	Other Reserve Capital	Capital from hedging transactions valuation	Total	Minority Interest	TOTAL EQUITY
PLN THOUSAND									
Status as at 1 January 2010	**740**	**37 774**	**12 778**	**0**	**14 261**	**0**	**65 553**	**986**	**66 539**
Changes in accounting principles							0		0
Current Period Correction			49		0	**0**	**49**	**0**	**49**

Increases			0		0	**40**	**40**	**0**	**40**
Share issue	0	0	0				**0**	**0**	**0**
Purchase of the company	0	0	0				**0**	**0**	**0**
Previous/Current period result	0	0	0				**0**	**0**	**0**
Decreases			859	353			**1 212**	**677**	**1 889**
Dividend payment	0	0	0				**0**		**0**
Previous year's profit allocation			0						
Value change				353			**353**		**353**
Current year's loss			859				**859**	**677**	**1 536**
Status as at 30 September 2010	**740**	**37 774**	**11 968**	**-353**	**14 261**	**40**	**64 430**	**309**	**64 739**

For the period of 1 January 2009 – 30 September 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			-39		0	**-39**	**-36**	**-75**
Increases	10	1	0		0	**11**	**0**	**11**
Share issue	10	0	0			**10**	**0**	**10**
Purchase of the company	0	0	0			**0**	**0**	**0**
Previous/Current period result	0	0	0			**0**	**0**	**0**
Decreases			4 736	1		**4 737**	**124**	**4 861**

Dividend payment	0	0	0			**0**		**0**
Allocation of previous year's profit			0					
Current year's loss			4 736			**4 736**	**124**	**4 861**
Status as at 30 September 2009	740	37 774	6 889	**0**	**14 261**	**59 664**	**897**	**60 561**

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**		**0**
Current Period Correction			88			**88**	**-36**	**52**
Increases	10	1	1 026			**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 result	0	0	1 026			**1 026**	**-35**	**991**
Decreases				1		**1**		**1**
Dividend payment	0	0	0			**0**		**0**
Allocation of previous year's profit								
Current year's loss								
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	For the period of 1 January 2010 – 30 September 2010	For the period of 1 January 2009 – 31 December 2009	For the period of 1 January 2009 – 30 September 2009
	PLN THOUSAND		
Operating Activities			
Profit (Loss) before Tax	-1 834	1 292	-5 108
Items Adjustments	6 073	-6 893	12 689
Depreciation	1 089	1 368	974
Currency Translation Differences	0	0	0
Interest Received	-905	-1 631	-1 283
Interest Paid	0	42	0
Dividend received	0	0	0
Profit (Loss) on Investment Activities	-21	-4	-4
Change in Inventories	-7 081	-1 366	-4 707
Change in receivables	25 865	-3 975	38 021
Change in Liabilities and Reserves	-11 590	-451	-20 010
Change in other Assets	-277	54	-295
Income Tax Paid	-944	-740	0
Other	-63	-190	-7
	4 239	**-5 601**	**7 581**
Investment Activities			
Inflows	**21**	**4**	**4**
Inflows proceeding from disposal of intangible assets and tangible fixed assets	21	4	4
Inflows from Financial Assets	0	0	0

In Other Entities	0	0	0
Outflows	**-1 982**	**-1 386**	**-1 145**
Outflows regarding acquisition of tangible fixed assets	-1 982	-1 386	-1 145
Outflows regarding acquisition of financial assets	0	0	0
Other outflows	0	0	0
Incomes from sale of fixed tangible assets			
Incomes from sale of financial assets			
Interest received			
Dividend received			
	-1 961	**-1 382**	**-1 141**
Financial Activities			
Inflows	**1 505**	**1 849**	**1 406**
Inflows from share issue	0	10	10
Other financial inflows	0	0	0
Inflows from contracted credit and loans	0	0	0
Interest	1 307	1 839	1 396
Payment of liabilities arising from financial leases	198	0	0
Outflows	**-1 217**	**-503**	**-328**
Repayment of credit and loans	-150	-300	-300
Re-Payment of liabilities arising from financial leases	-838	-151	
Dividend Paid	0		
Interest Paid	-229	-52	-28
From other Financial Liabilities	0	0	0
Currency Translation Differences			
	288	**1 346**	**1 078**
Change in Cash	**2 566**	**-5 637**	**7 518**

Balance Sheet Change in Cash	2 566	-5 637	7 518
Change in Cash preceding from Currency Translation Differences			
Cash at the beginning period	20 076	25 713	25 713
Cash at the end period	**22 642**	**20 076**	**33 231**

III. GENERAL INFORMATION

Dominant Company

Company:	**ARCUS S.A.**
Registered office and address:	Miła 2 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 Miła 2 Street. The company is recorded by the District Court for the Capital City of Warsaw (XII Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000271167.

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

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

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

- document management systems,
- correspondence management systems and Telematics and Telemetry solutions,
- ICT solutions integration (Information and Communication Technologies).

As on balance sheet day, that is as on 30 September 2010 and as on 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

As on 31 October 2010 and as on 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. – the Dominant Company,
- T-Matic Systems Ltd. (hereinafter: 'T-Matic') - the subsidiary.

ARCUS S.A. Capital Group was established on 29 July 2008 as a result of acquisition of 55% of T-matic Systems Sp. z o.o. (with its registered office in Warsaw) entitling to 55% votes at the mentioned company's General Meeting of Partners. ARCUS S.A. had acquired 550 stakes for the amount of PLN 3,540,643. ARCUS S.A. had also incurred other costs directly related to the acquisition of shares at the amount of PLN 57,684.36. The total cost of T-matic Systems Sp. z o.o. shares acquisition amounted to PLN 3,598,327.36. The acquisition of T-matic Systems Sp. z o.o. shall be settled with the use of 'purchase price' method.

Company:	**T-matic Systems Sp. z o.o.**
Registered office and address:	Wiśniowy Business Park, Iłżecka 26 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 No1776/2006). The company is recorded by the District Court for the Capital City of Warsaw (XIII Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 00002654060.

Main scope of business activities of T-matic Systems Ltd. shall include:

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

T-matic provides:

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

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

In the third quarter of 2010, the consolidated sales revenues amounted to PLN 35 570 000 which is by 117% higher as compared to the corresponding period last year. Incrementally for three quarters, the consolidated revenues amounted to PLN 117 067 000 (by 99% higher than after three quarters of 2009). The unconsolidated revenues achieved in the third quarter amounted to PLN 36 882 000 (by 125% higher as compared to the same period last year). Incrementally, mentioned revenues amounted to PLN 114 679 000 which means the increase by 108%. The increase in revenues is the result of steps undertaken in order to strengthen the commercial potential.

The consolidated sales revenue for three quarters of 2010 includes inflows from the following business segments:

- IT segment – PLN 101 139 000 of revenue (increase by 213%)
- Services segment – PLN 13 531 000 of revenue (increase by 177%)
- Telematics devices segment – PLN 2 397 000 (decrease by 65%)

In the third quarter, the consolidated and unconsolidated own sales cost increased respectively by 131% (PLN 33 215 000) and 104%. In the third quarter of 2010, the Capital Group generated the amount of PLN 4 355 000 of gross profit on sales which represents an increase of 48% compared to the third quarter of 2009. Incrementally, the gross profit on sales amounted to PLN 18 210 000 (an increase of 75%). In the third quarter of 2010, the unconsolidated gross profit on sales amounted to PLN 4 244 000 (an increase of 44%) and incrementally to PLN 17 721 000 (an increase of 97%).

In the third quarter of 2010, the consolidated operating costs amounted to PLN 6 193 000 (an increase of 17%), while incrementally to 21 088 000 (an increase of 37%). This was mainly influenced by the increase in cost of sales by 37% in the third quarter and 94% cumulatively. At the same time the general and administrative costs decreased by 27% in the third quarter and by 26% incrementally. The increase in operating costs resulting mainly from increasing the sales volume arising from the employment growth in commercial departments has translated into higher costs of remunerations and related costs as well as costs of ensuring traders the appropriate tools (computers, cars, etc.).

In the reporting period the Capital Group has generated PLN 1 797 000 of operating loss as compared to PLN 2 308 000 of loss after the corresponding period last year. Incrementally this is respectively the amount of PLN 2 791 000 and PLN 4 879 000 of the operating loss. ARCUS S.A. has generated the operating loss at the amount of PLN 1 172 000 (third quarter) as compared to

PLN 1 760 000 of the operating loss after corresponding period last year. Incrementally, the unconsolidated loss amounted to PLN 1 131 000 in 2010 and 4 703 000 in 2009.

The results of particular segments of the Capital Group in the third quarter of 2010 are presented below:

- IT segment – PLN 5 900 000 of profit (increase by 3860)
- Services segment – PLN 603 000 of profit (decrease by 31%)
- Telematics devices segment – PLN 1 492 000 of loss compared to PLN 176 000 of loss after corresponding period last year.

The action taken in 2009 and continued in 2010 aimed at strengthening the commercial departments through the recruitment of specialist in the area of sale of advanced solutions regarding printing and correspondence, development of integration operations in "ARCUS IT Systems" as well as strengthening the sales departments characterized by the highest margins have resulted in a substantial increase of revenues. The task for subsequent periods will be to improve the generated margins and to optimize the existing resources and costs.

The results of Telematics segment are being influenced by above described market situation extending the revenues and margins generated over the duration of leases of equipment and significant costs incurred to prepare the commercial and technical facilities for the offer of new products.

The achieved net result was supported by the result from financial activities which amounted incrementally to PLN 957 000 (compared to PLN 229 000 of loss incrementally in 2009). The unconsolidated result from financial activities amounted to respectively PLN 1 207 000 and PLN 56 000 of loss.

In the third quarter of 2010, after taking into consideration the taxes, the Capital Group generated PLN 663 000 of loss compared to PLN 1 543 000 of loss after corresponding period last year. Incrementally, this was respectively PLN 1 536 000 and PLN 4 973 000. In the third quarter, ARCUS S.A. Company achieved the amount of PLN 242 000 of net loss (PLN 970 000 a year earlier) and incrementally PLN 19 000 of profit compared to PLN 4 736 000 of loss for three quarter of 2009.

The table below presents the dynamics of consolidated results for three quarters of 2010 in comparison to the same period last year.

	1 January 2010 – 30 September 2010	1 January 2009 – 30 September 2009	Change	1 July 2010 – 30 September 2010	1 July 2009 – 30 September 2009	Change
Sales revenues	117 067	58 760	99%	37 570	17 311	117%
Own sales costs	98 857	48 384	104%	33 215	14 365	131%
Gross profit (loss) on sales	**18 210**	**10 376**	**76%**	4 355	2 946	**48%**
Other operating revenues	87	104	-16%	41	39	5%
Sales costs	15 900	8 215	94%	4 774	3 470	38%
General and administrative costs	5 042	6 789	-26%	1 397	1 927	-28%
Other operating costs	146	355	-59%	22	-104	-121%
Restructuring costs	0	0	0%	0	0	0%
Profit (loss) on operating activities	**-2 791**	**-4 879**	**-43%**	**-1 797**	**-2 308**	**-22%**
Financial revenues	1 047	1 293	-19%	326	346	-6%
Financial costs	90	1 522	-94%	-531	-447	19%
Net profit (loss)	**-1 536**	**-4 973**	**-69%**	**-663**	**-1 543**	**-57%**
Attributable to:						
Dominant Company's shareholders	-859	-4 849	-82%	-473	-1 326	-64%
Minority shareholders	-677	-124	0%	-190	-217	0%

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 third quarter of 2009, the Capital Group used its own equity to finance the operating activities. Due to the fact that the share of trade and other liabilities in total liabilities decreased in the reporting period, the equity accounted for 79% of liabilities as compared to 78% as at the end of the third quarter of 2008 and 64% as at the end of 2008.

In the third quarter of 2010, the current assets constituted the main component of The Capital Group’s equity (86% of the balance sheet total as compared to 87% a year earlier). The value of current assets amounted to PLN 80 424 000 compared to PLN 66 603 000 after corresponding period last year. Receivables at the amount of PLN 30 111 000 (an increase of 190% year-on-year), inventory at the amount of PLN 26 719 000 (an increase of 16%) and cash and cash equivalents at the amount of PLN 22 642 000 (decrease of 32%) constituted the most significant items of the balance sheet. As for the fixed assets, the goodwill associated with the acquisition of T-matic Systems Ltd (PLN 3 029 000), intangible assets (PLN 2 259 000) and financial assets available for sale constituted the items of the most significant value.

The equity was the main source for financing the Capital Group’s business activities. Mentioned equity accounted for 69% of the balance sheet total, compared to 79% a year earlier. This change arises from the increase in balance sheet total up to PLN 93 567 000 against 76 377 000 after three quarters of 2009.

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

The Management Board of ARCUS S.A. Company on 2 September 2010 was notified that within the commercial cooperation with BIUROMAX Ltd. (with its registered office in Baniocha 05-532, Solec 156 a) based on the framework agreement concluded on 30 April 2005 for an indefinite period of time, the sales value arising from aforementioned agreement amounted to PLN 7 211 509.00 (net amount) in the period between 14 November 2009 and 2 September 2010. The invoice of 1 February 2010 for PLN 558 855.00 (net amount) shall be recognized as the most significant invoice in above mentioned period. Conditions of agreement shall comply with standards expected for the execution of such agreements. Contractual penalties: In case of payment delays in relation to invoice payment dates, the commercial partner (BIUROMAX Ltd.) shall pay the statutory interests. The agreement mentioned above meets the criteria of a significant agreement due to the fact that the total value of orders placed between 14 November 2009 and 2 September 2010, exceeded 10% of Company's equity.

Employment

Employment status	**Service staff**	**Warehouse staff**	**Sales staff**	**Management**	**Accounting Department Staff**	**Administration staff**	**TOTAL**
30 September 2009	31	4	33	3	4	15	**90**
30 September 2010	27	4	49	3	4	19	**106**
Change	-4	0	16	0	0	4	**16**
Change %	-13%	0%	48%	0%	0%	27%	**18%**

Due to the recruitment of new employees (mainly sales staff), the employment in ARCUS S.A. Company increased in the third quarter of 2010. Total employment increased by 18% as compared to the third quarter of 2009 and amounted to 106 employees.

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

Employment status	Technical Support Staff	Service staff	IT Department	Sales staff	Management	Administration staff	TOTAL
30 September 2009	5	0	3	2	4	1,25	**15,25**
30 September 2010	5	3	3	2	4	2,25	**19,25**
Change	0	3	0	0	0	1	**4**
Change %	0%	0%	0%	0%	0%	80%	**26%**

In T-matic, in the third quarter of 2010 the employment in Operations and Technical Departments has increased as compared to the corresponding period last year. The increase in employment (by 3 employees) in Service Department supporting the implementation and technical activities and in Administration Department (by 1 employee) 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 to fund 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 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 the balance sheet date:

- The Management Board of ARCUS S.A. informed that on 5 October 2010 received the information that within the commercial cooperation with ACTION S.A. Company (with its registered office in Warsaw at 46/54 Jan Kazimierz Street) based on the framework agreement concluded in 2001 for an indefinite period of time, the sales value arising from aforementioned agreement amounted to PLN 6.542.277,54 (net amount) in the period of the past 12 months. The invoice of 20 January 2010 for PLN 3.591.263 (net amount) for server components shall be recognized as the most significant invoice in above mentioned period. Contractual penalties: In case of payment delays in relation to invoice payment dates ACTION S.A. Company shall pay the statutory interests at the height of 30% per annum. The agreement mentioned above meets the criteria of a significant agreement due to the fact that the total value of orders placed between 5 October 2009 and 5 October 2010, exceeded 10% of Company's equity.
- The Management Board of ARCUS S.A. informed that on 19 October 2010 received the information that the agreement between ARCUS S.A. and Lodz Voivodship (hereinafter: 'the Lodz Voivodship') with its registered office in Lodz at 8 Piłsudskiego Street, has been concluded (hereinafter: 'the agreement'). The Management Board of Lodz Voivodship shall act on behalf of the Lodz Voivodship. Mentioned agreement is the second agreement that has been concluded with the Lodz Voivodship within the Regional Operational Programme of Lodz Voivodship for the years 2007-2013. The total value of both agreements exceeds the value of significant agreement and amounts to PLN 9,373,028.00 (net value). The agreement of 19 October 2010 of value equal to PLN 6,375,000 (net value) shall be

the agreement of the most significant value. ARCUS S.A. is committed to the performance of this agreement within 4 months of its conclusion. The agreement shall concern the implementation (on the territory of the Lodz Voivodship, in specific locations) of 'Lodz Voivodship Regional Medical Information System' project co-funded by the European Regional Development Fund and Local Government of Lodz Voivodship, within the Regional Operational Programme of Lodz Voivodship for the years 2007-2013. The agreement shall oblige ARCUS S.A. to computerization of health-care centers on the territory of the Lodz Voivodship, planning, implementation and securing the regional platform integrating the data communication systems by adjusting them to the systems for settlements with the payer (NFZ – National Health Fund) and to the requirements of interoperability and standards of electronic data interchange. Contractual penalties: In case of withdrawal from an agreement or termination of an agreement by the Ordering Party due to the Contractor's delays (exceeding 30 days in relation to the deadlines determined for any stage in the work schedule) in carrying out the works covered by this agreement, the Contractor shall pay the statutory interests to the Ordering Party. The agreements mentioned above meet the criteria of a significant agreement due to the fact that their total value exceeded 10% of ARCUS S.A. equity.

- The Management Board of ARCUS S.A. (the Contractor, the Issuer) informed that on 2 November 2010 received the information that within the performance of agreements concluded between ARCUS S.A. and the Armed Forces Procurement Department (the Ordering Party), the sales value of devices and services exceeded the value of a significant agreement. The invoice of 30 June 2010 for PLN 2,459,200 (net amount) for the sales and delivery of DELL workstations for Material Base (Storehouse in Zegrze near Warsaw) shall be recognized as the most significant invoice in the period of 2 November 2009 - 2 November 2010. Conditions of agreement shall comply with market standards expected for the execution of such agreements. Contractual penalties: In case the

Ordering Party will withdraw from the agreement due to the circumstances which are the Contractor's responsibility, the Contractor shall pay the contractual penalty at the amount of 20% of the agreement's gross value. At the same time, the Management Board of ARCUS S.A. informs that in the period of 2 November 2009 - 2 November 2010, the total value of agreements concluded between ARCUS S.A. and the Armed Forces Procurement Department amounted to PLN 7,548,000 (net value). The agreement mentioned above meets the criteria of a significant agreement due to the fact that the total value of orders placed between 2 November 2009 and 2 November 2010, exceeded 10% of Company's equity.

Description of factors which according to the issuer shall affect the achieved financial result with particular consideration of at least subsequent 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 are likely to postpone the implementation of these projects to next quarters may decrease the demand for products offered by the Group.
- Final settlement of announced tenders which value may significantly influence revenues and results achieved in next quarter.
- Timely performance of delivery from partners, with particular consideration of fourth quarter shall enable the sale in this period.
- The significant decrease in number of orders for high margin products and services arising from clients' budgets reduction due to global financial crisis and risk of economic recession.
- 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 is planned in this sector. 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 which 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. The new strategy shall also envisage the analysis of 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. The agreement regards the full range of document management systems solutions and thus expands the scope of current, long-term cooperation with Kyocera Corporation.
- Economic situation in Poland associated with global financial crisis may negatively influence the demand for products offered by the Group and bring about the suspension or delay in investing in IT solutions. 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 with particular consideration of those of unusual nature which may significantly affect the achieved financial results

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

IV. ACCOUNTING PRINCIPLES

Basis for financial information preparation

The presented consolidated financial statement has been prepared as on 30 September 2010. The comparable data cover the period of 1 January 2009 – 30 September 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 – 30 September 2010 as well as comparable data for the period from 1 January to 30 September 2009 has been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the European Union. The interim consolidated financial statement of the Capital Group has been prepared in line with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) approved by the European Union as well as in accordance with applicable provisions and the Regulation of the Minister of Finance of 19 February 2009 on current and interim information published by the issuers of securities (Journal of Laws No 33, item 259). In the condensed consolidated interim financial statement hereof the same accounting principles as those applied for the preparation of the consolidated financial statement for the year 2009 were applied with the exception of the following adjustments to standards and new interpretations applicable to annual periods beginning on or after 1 January 2010:

- IFRS 1 – 'First-time Adoption of International Financial Reporting Standards' – amended IFRS 1 replaced the current IFRS 1 in order to simplify the application of this standard and facilitate adjustments in future. In the amended IFRS 1 some invalid guidelines regarding the transition to the International Financial Reporting Standards have been deleted as well as some minor wording changes have been made. Currently binding requirements remained unchanged. The amendments of

28 January 2010 – few exemptions as regards the comparable data and IFRS 7 'Financial Instruments' – disclosure for entities applying the International Financial Reporting Standards for the first time. The amendments implemented to the Standards shall apply to entities applying IFRS for the first time.

- IFRS 2 'Share-based payment' (of 18 June 2009) – amendments to IFRS 2 clarify the recognition of share-based payment transactions in which the payment to the supplier of goods or services is cash-settled while the liability is incurred by other entity included in the capital group (share-based payment transactions are cash-settled in the capital group).The application of this interpretation did not influence the financial situation or the Group's operating result as there were no events directly associated with this interpretation.
- IFRS 5 'Non-current assets held for sale and discontinued operations' – the amendment clarifies that if a subsidiary entity meets the criteria of 'held for sale' classification, then all its assets and liabilities shall be classified as 'held for sale' even if after the sales transaction the dominant entity will hold the non-controlling stakes in this subsidiary entity. The application of this amendment did not influence the financial situation or the Group's operating result as there were no events directly associated with this amendment.
- Amendments to IFRS arising from the annual review and binding as from 1 January 2010. The annual review is aimed at improvement and clarification of the International Accounting Standards. The majority of amendments clarifies the existing IFRS or implements the corrections to these IFRS or constitutes the amendments arising from previous amendments to IFRS. The amendments to IFRS 8, IAS 17, IAS 36 and IAS 39 cover the changes of binding requirements or constitute the additional explanations regarding the application of these requirements.
- IAS 7 'Statement of Cash Flows' – the amendment clearly states that only the outflows leading to the recognition of assets component may be classified as cash flows from investment activities. Mentioned amendment

has an influence on the manner of presentation of conditional payment (cash-settled in 2010) as regard the business combinations. The application of this amendment did not influence the financial situation or the Group's operating result as there were no events directly associated with this amendment.

- IAS 32 'Financial Instruments: Presentation' (of 8 October 2009) – amendment to IAS 32 clarifies the manner of recognition of specific pre-emptive rights in the situation when the issued financial instruments are denominated in other currency than issuer's functional currency. If such instruments are offered pro rata to existing shareholders of the issuer in exchange for determined amount of cash then shall be classified as capital instruments also when their exercise price is determined in other currency than issuer's functional currency. The application of this amendment did not influence the financial situation or the Group's operating result as the Group did not issue such instruments.
- IAS 27 'Consolidated and Separate Financial Statements' – in accordance with amended IAS 27 the total revenue shall be attributed to the owners of a dominant entity and non-controlling stakes even if, as a result, the non-controlling stakes take the negative value.

The standards and interpretations which have been published but have not yet entered into force due to the fact that they have not yet been approved by the European Union or have been approved by the European Union but have not been previously applied by the Group:

- IFRS 9 'Financial Instruments' – the new standard is to replace the International Accounting Standard (IAS) 39.
- Amendments to IFRIC Interpretation 14 and IAS 19 – the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: prepayments of the minimum funding requirements – applicable to annual periods beginning on or after 1 January 2011.

- IFRIC 19 'Extinguishing Financial Liabilities with Equity' – the interpretation clarifies the guidelines of International Financial Reporting Standards (IFRS) when the entity renegotiates the financial liabilities conditions with creditors and creditors agree to accept the entity's shares or other capital instruments in order to settle the financial liabilities entirely or partially.
- IAS 24 'Related Party Disclosures' (amended in November 2009) – applicable to annual periods beginning on or after 1 January 2011. The Group is currently analyzing the influence of amendments on financial statement. Amendments arising from the annual review of IFRS applicable to reporting periods beginning on or after 1 January 2011.

Principles of consolidation

The consolidated financial statement comprises the financial statement of a dominant entity and a subsidiary controlled by the dominant entity, prepared as at 30 September 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. In subsequent periods, the losses attributable to minority shareholders (above the value of their shares) shall decrease the equity of a dominant entity.

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

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

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

In 2006, ARCUS S.A. Company acquired 70.000 shares of 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. The nominal value per share amounted to PLN 1. Since the end of June 2010, the shares of TAURON POLSKA ENERGIA are listed on the Warsaw Stock Exchange. On 30 June 2010 the TAURON PE share price amounted to PLN 5.05.

Changes in Accounting Principles

During the period covered by this statement, ARCUS S.A. Company and 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, which was published on 30 April 2010.

In the third quarter of 2010, the hedging transactions with regard to which the hedge accounting was applied occurred for the first time. Mentioned transactions have been presented in accordance with IAS 39. The hedge accounting was implemented by the Resolution of ARCUS S.A. Management Board of 23 September 2010 and pursuant to Art, 8.2 of the Accounting Act shall be applied as of 1 January 2010.

Hedge accounting

ARCUS S.A. applies the hedge accounting for these balance sheet items that are exposed to the currency risk and for which the accounting approach does not reflect the nature of hedging applied by ARCUS S.A. In particular, the hedge accounting shall be applicable for the hedging of the value of cash flows arising from incurred liabilities hedged with the derivative instrument valued at fair value.

The purpose of hedge accounting is the settlement of particular financial instruments in accordance with applied risk management strategy and thereby the hedging of financial result through minimizing the impact of exchange rates changes on financial result.

Under the applied hedge accounting, separate items of assets or liabilities are hedged against adverse changes in exchange rates. By identifying the nature of risk, the items of assets and liabilities are defined. The change in mentioned items' current value arising from the market changes may influence the financial result.

Forward contracts are the hedging instruments. Liabilities due foreign suppliers are the hedged item.

Method of recognition of valuation of cash flow hedging

The cash flow hedging that meets, during the financial year, the conditions determined for hedge accounting, shall be settled as follows:

- profit or loss from the measurement of fair value of the instrument hedging the cash flows or from the valuation of the currency component of the hedging instrument (that is not a derivative instrument), in the part deemed as effective hedging of associated item, shall be recognized in the 'Revaluation Reserve'. The value of amount reclassified to 'Revaluation Reserve' shall not exceed the fair value of total cash flows associated with hedged item, counted from the day of commencement of particular item hedging,
- the remaining amount covering the value not constituting the fully effective hedging shall be recognized in reporting periods' financial revenues or costs, in accordance with the general accepted accounting principles,
- in case when the hedged future liability leads to the creation of the component of assets or liabilities, the profits or losses from the revaluation of hedging instrument recognized in the Revaluation Reserve (that have previously been recognized directly in the Revaluation Reserve) shall be deducted from the equity and added to the initial purchase price or otherwise specified initial carrying value of assets' or liabilities' component,
- profits or losses on hedging instrument that have been taken into consideration for determining the initial purchase price or other balance sheet value of assets' or liabilities' component shall be then included in financial revenues or costs of the reporting period during which the given assets' or liabilities' component is settled in the profit and loss account,
- changes in the fair value of hedging derivative instrument that have been indicated in the 'Revaluation Reserve' shall be recognized in the profit and loss account and classified as costs or revenues in the period during which the hedged item is settled in the profit and loss account.

As at 30 September 2010, ARCUS S.A. held in its portfolio forward contracts to buy EUR for PLN which was associated with transactions regarding the purchase of goods from foreign business partners (mainly from Kyocera Mita).

The table below presents the list of forward transactions as at 30 September 2010.

Exercise date	Type of transaction	(B) Bank purchases / (S) Bank sells	Currency pair / Instrument	Par
2010-10-11	FXD	S	EUR/PLN	166 503,32
2010-10-15	FXD	S	EUR/PLN	3 496,68
2010-10-15	FXD	S	EUR/PLN	64 429,89
2010-10-15	FXD	S	EUR/PLN	76 909,43
2010-10-19	FXD	S	EUR/PLN	5 140,94
2010-10-19	FXD	S	EUR/PLN	50 000,00
2010-10-19	FXD	S	EUR/PLN	22 486,29
2010-10-22	FXD	S	EUR/PLN	27 006,11
2010-10-22	FXD	S	EUR/PLN	61 383,56
2010-10-29	FXD	S	EUR/PLN	188 616,44
2010-10-29	FXD	S	EUR/PLN	18 806,67
2010-10-29	FXD	S	EUR/PLN	29 595,72
2010-11-02	FXD	S	EUR/PLN	181 193,33
2010-11-05	FXD	S	EUR/PLN	20 404,28
2010-11-05	FXD	S	EUR/PLN	89 112,87
2010-11-09	FXD	S	EUR/PLN	160 887,13
2010-11-09	FXD	S	EUR/PLN	38 705,98
2010-11-10	FXD	S	EUR/PLN	167 440,06
2010-11-19	FXD	S	EUR/PLN	145 070,35
2010-11-23	FXD	S	EUR/PLN	333 783,61
2010-11-23	FXD	S	EUR/PLN	498 329,53
TOTAL				**2 349 302,19**

As at 30 September 2010, the following values associated with hedge accounting have been reported in the financial statements:

- Assets – current assets; hedging instrument – PLN 3 000,
- Liabilities – capital from the valuation of hedging transactions – PLN 40 000.

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Wojciech Kruszyński – President of the Management Board

…………………………………..

Wiktor Różański – Vice-President of the Management Board

…………………………………..

Konrad Kowalczuk – Vice-President of the Management Board

…………………………………..

Prepared by: Grażyna Syryczyńska – Chief Accountant

Warsaw, 11 November 2009.

VI. CONDENSED UNCONSOLIDATED FINANCIAL STATEMENT OF ARCUS S.A. COMPANY FOR THE THIRD QUARTER OF 2009

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

Selected financial data of ARCUS S.A. Company

Selected Financial Data	Third Quarter 2010	Third Quarter 2009	For the year 2009	Third Quarter 2010	Third Quarter 2009	For the year 2009
	PLN THOUSAND			EUR THOUSAND		
I. Revenues from sales of products, goods and materials	114 679	55 096	113 859	28 650	12 524	26 231
II. Operating Profit (Loss)	-1 131	-4 703	577	-283	-1 069	133
III. Profit (Loss) Before Tax	76	-4 759	1 441	19	-1 082	332
IV. Net Profit (Loss)	19	-4 736	1 121	5	-1 077	258
V. Net Operating Cash Flow	4 212	8 641	-4 705	1 052	1 964	-1 084
VI. Net Investment Cash Flow	-2 102	-2 835	-2 925	-525	-644	-674
VII. Net Financial Cash Flow	641	1 406	1 833	160	320	422
VIII. Change in Cash	2 751	7 212	-5 797	687	1 639	-1 336
IX. Total Assets	91 833	73 600	100 123	23 033	17 430	24 372
X. Long-Term Liabilities	2 862	537	2 307	718	127	562
XI. Short-Term Liabilities	24 146	13 751	32 639	6 056	3 257	7 945
XII. Equity	64 623	59 060	64 917	16 208	13 986	15 802
XIII. Share Capital	740	740	740	186	175	180
XIV. Shares Number (weighted average)	7 395 157	7 395 157	7 395 157	7 395 157	7 395 157	7 395 157
XV. Net Profit (Loss) per Share (in PLN/EUR)	0,00	-0,64	0,15	0,00	-0,15	0,02

Statement of ARCUS S.A. comprehensive income

Statement of comprehensive income	1 January 2010 – 30 September 2010	1 January 2009 – 30 September 2009	1 July 2010 – 30 September 2010	1 July 2009 – 30 September 2009
	PLN THOUSAND			
Continued business activity				
Sales revenue	114 679	55 096	36 882	16 395
Own sales cost	96 958	46 109	32 638	13 457
Gross sales profit (loss)	**17 721**	**8 987**	**4 244**	**2 938**
Other operating revenue	40	91	31	34
Sales costs	14 802	7 840	4 432	3 292
General and administrative costs	3 962	5 588	992	1 544
Other operating costs	128	353	23	-104
Restructuring costs	0	0	0	0
Operating profit (loss)	**-1 131**	**-4 703**	**-1 172**	**-1 760**
Financial revenue	1 238	1 395	378	395
Financial costs	31	1 451	-538	-469
Profit (loss) before tax	**76**	**-4 759**	**-256**	**-896**
Income tax	57	-23	-14	74
Continued business activity profit (loss)	**19**	**-4 736**	**-242**	**-970**
Discontinued business activity	0	0	0	0
Discontinued business activity net profit (loss)	0	0	0	0
Net profit (loss)	**19**	**-4 736**	**-242**	**-970**
Net profit (loss) annualized	**5 876**	**-2 413**		

Profit (loss) per share				
Continued business activity:				
Ordinary	0,00	-0,64	-0,03	-0,13
Diluted	0,00	-0,64	-0,03	-0,13
Profit (loss) for the period	19	-4 736	-242	-970
Other comprehensive income				
Financial assets available for sale	-436		367	
Cash flow hedge	40		40	
Actuarial profits (losses) due to retirement benefits				
Income tax regarding other comprehensive income	82		-71	
Other net comprehensive income				
Total income for the period	**-295**	**-4 736**	**94**	**-970**

Statement of ARCUS S.A. financial position

Statement of financial position	As on 30 September 2010	As on 31 December 2009	As on 30 September 2009
PLN THOUSAND			
FIXED ASSETS			
Intangible Assets	460	532	578
Tangible fixed assets	1 069	3 362	1 155
Shares in subsidiaries	3 598	3 598	3 598
Financial assets available for sale	2 119	2 523	2 523
Long term receivables	660	534	248
Other long-term financial assets	2 006		

Deferred income tax assets	1 022	317	411
	10 934	**10 866**	**8 513**
CURRENT ASSETS			
Inventory	23 024	17 597	20 802
Short term investments	4 303	2 803	2 723
Trade and other receivables	30 076	49 064	8 760
Income tax receivables (refunds)	472	0	0
Other short-term financial receivables	477		
Financial assets – hedging instrument	3		
Cash and its equivalents	22 544	19 793	32 802
	80 899	**89 257**	**65 087**
TOTAL ASSETS	**91 833**	**100 123**	**73 600**

Statement of financial position	As on 30 September 2010	As on 31 December 2009	As on 30 September 2009
PLN THOUSAND			
Equity			
Share capital	740	740	740
Capital reserve from sale of shares at premium	37 631	37 631	37 631
Reserve Revaluation capital	-353	0	0
Other capital reserves	393	393	393
Reserve Capital	26 153	25 032	25 032
Hedging Transactions Revaluation Capital	40	0	0
Retained earnings	19	1 121	-4 736
	64 623	**64 917**	**59 060**
Long-term liabilities			
Provisions for deferred income tax	662	165	200

Provisions for liabilities	433	340	337
Other long-term liabilities	1 767	1 802	0
	2 862	**2 307**	**537**
Short-term liabilities			
Trade and other liabilities	22 362	31 504	12 911
Income tax liabilities	0	286	0
Provisions for liabilities	1 650	849	840
Other financial liabilities	0	0	0
Accruals	134		
	24 146	**32 639**	**13 751**
Other liabilities	202	260	252
TOTAL LIABILITIES	**91 833**	**100 123**	**73 600**

STATEMENT OF CHANGES IN EQUITY

For the period of 1 January 2010 – 30 September 2010

	Core Capital	Capital reserve from sale of shares at premium	Retained Earnings	Revaluation Capital	Other Reserve Capital	Capital from hedging transaction valuation	Total	TOTAL EQUITY
PLN THOUSAND								
Status as at 1 January 2010	**740**	**38 024**	**1 121**	**0**	**25 032**	**0**	**64 917**	**64 917**
Changes in accounting principles			0					
Increases	0	0	19		1 121	**40**	**1 180**	**1 180**
Share issue	0	0	0				**0**	**0**
Purchase of the company	0	0	0				**0**	**0**
Previous/Current period result	0	0	19				**19**	**19**

Profit allocation					1 121	**0**	**1 121**	**1 121**
Decreases			1 121	353			**1 474**	**1 474**
Current period result			0				**0**	**0**
Profit allocation			1 121				**1 121**	**1 121**
Dividend payment	0	0	0				**0**	**0**
Value change				353			**353**	**353**
Status as at 30 September 2010	**740**	**38 024**	**19**	**-353**	**26 153**	**40**	**64 623**	**64 323**

For the period of 1 January 2009 – 30 September 2009

	Core Capital	Reserve Capital	Retained Earnings	Revaluation Capital	Other Reserve Capital	Total	TOTAL EQUITY
	PLN THOUSAND						
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	0		3 747	**4 008**	**4 008**
Share issue	10	0	0			**10**	**10**
Purchase of the company	0	0	0			**0**	**0**
Current period result	0	0	0			**0**	**0**
Decreases			8 732	1		**8 733**	**8 733**
Current period result			4 736			**4 736**	**4 736**
Profit allocation			3 996			**3 996**	**3 996**
Dividend payment	0	0	0			**0**	**0**
Status as at 30 September 2009	**740**	**38 024**	**-4 736**	**0**	**25 032**	**59 060**	**59 060**

For the period of 1 January 2009 – 31 December 2009

	Core Capital	Reserve Capital	Retained Earnings	Revaluation Capital	Other Reserve Capital	Total	TOTAL EQUITY
	PLN THOUSAND						
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 – 30 September 2010	1 January 2009 – 31 December 2009	1 January 2009 – 30 September 2009
Operating Activities			
Profit (Loss) before Tax	76	1 441	-4 759
Items Adjustments	4 136	-6 146	13 400
Depreciation	519	714	503

Currency Translation Differences	0	0	-1 396
Interest Received	-1 148	-1 823	0
Interest Paid	0	0	
Dividend received	0	0	0
Profit (Loss) on Investment Activities	-21	-4	-4
Change in Inventories	-5 427	-1 679	-4 883
Change in accounts receivable	18 861	-4 492	36 259
Change in Liabilities and Reserves	-7 636	1 637	-16 919
Change in other Liabilities	135	68	-162
Income Tax Paid	-949	-377	0
Other	-198	-190	2
	4 212	**-4 705**	**8 641**
Investment Activities			
Inflows	331	4	4
Inflows proceeding from disposal of intangible assets and tangible fixed assets	21	4	4
Inflows from Financial Assets In Other Entities	310	0	0
Outflows	-2 433	-2 929	-2 839
Outflows regarding acquisition of tangible fixed assets	-819	-829	-627
Outflows regarding acquisition of financial assets	0	0	0
Other outflows	-1 614	-2 100	-2 212
	-2 102	**-2 925**	**-2 835**
Financial Activities			

Inflows	1 505	1 849	1 406
Inflows from share issue	0	10	10
Other financial inflows	0	1 839	1 396
Payments due financial leases	198	0	
Interests	1 307	0	
Inflows from contracted credit and loans	0	0	0
Outflows	-864	-16	0
Repayment of credit and loans	0	0	0
Payment of liabilities arising from financial leases	-706	0	0
Interest Paid	-158	-16	0
Currency Translation Differences	0	0	0
	641	**1 833**	**1 406**
Change in Cash	**2 751**	**-5 797**	**7 212**
Balance Sheet Change in Cash	2 751	-5 797	7 212
Change in Cash preceding from Currency Translation Differences			
Cash at the period beginning	19 793	25 590	25 590
Cash at the period end	**22 544**	**19 793**	**32 802**

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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, 11 November 2010