



ARCUS S.A. CAPITAL GROUP

www.arcus.pl

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

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

Warsaw, 14 November 2011

Only the Polish-language version of this document shall be legally binding, however every effort has been made to ensure the accuracy of this translation.

I. SELECTED FINANCIAL DATA

Data regarding the interim condensed consolidated financial statement

Selected Financial Data	I – III Q 2011	I – III Q 2010	2010	I – III Q 2011	I – III Q 2010	2010
	PLN THOUSAND			EUR THOUSAND		
I. Revenues from sales of products, goods and materials	79 790	117 067	198 233	19 744	29 247	29 247
II. Operating Profit (Loss)	-10 637	-2 791	-744	-2 632	-697	-186
III. Profit (Loss) Before Tax	-10 135	-1 834	427	-2 508	-458	107
IV. Net Profit (Loss)	-8 754	-1 536	268	-2 166	-384	67
V. Net Profit (Loss) attributable to Dominant Company's shareholders	-7 882	-859	1 162	-1 950	-215	290
VI. Net Operating Cash Flow	-37 417	4 239	23 516	-9 259	1 059	5 873
VII. Net Investment Cash Flow	-2 437	-1 961	-1 930	-603	-490	-482
VIII. Net Financial Cash Flow	3 933	288	685	973	72	171
IX. Change in Cash	-35 921	2 566	22 271	-8 888	641	5 562
X. Total Assets	94 678	93 365	124 650	21 463	23 468	31 475
XI. Long-Term Liabilities	9 225	3 108	5 050	2 091	780	1 275
XII. Short-Term Liabilities	28 004	25 518	53 017	6 348	6 400	13 387
XIII. Equity	57 449	64 739	66 583	13 023	16 238	16 813
XIV. Equity attributable to Dominant Company's shareholders	58 196	64 430	66 491	13 193	16 160	16 789
XV. Share Capital	740	740	740	168	186	187
XVI. Shares Number (weighted average)	7 395	7 395	7 395	7 395	7 395	7 395
XVII. Profit (loss) per share attributable to the shareholders of a dominant entity (PLN/EUR)	-0.94	-0.12	0.14	-0.23	-0.03	0.04
XVIII. Diluted profit (loss) per share attributable to the shareholders of a dominant entity (PLN/EUR)	-0.94	-0.12	0.14	-0.23	-0.03	0.04
XIX. Book value and diluted book value per Share attributable to Dominant Company's shareholders (PLN/EUR)	7.87	8.71	8.99	1.78	2.19	2.27

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

- For balance sheet items – 4.4112 - National Bank's of Poland exchange rate applicable on 30 September 2011, 3.9603 - National Bank's of Poland exchange rate applicable on 31 December 2010; 3.9870 - National Bank's of Poland exchange rate applicable on 30 September 2010,

- For statement of comprehensive income items and cash flow statement items an average exchange rate – calculated as an arithmetic mean of exchange rates applicable on the last day of every month in particular period, determined by the National Bank of Poland for that day:
 - Average exchange rate between 1 January and 30 September 2011:
EUR 1 = PLN 4.0413
 - Average exchange rate between 1 January and 31 December 2010:
EUR 1 = PLN 4.0044
 - Average exchange rate between 1 January and 30 September 2010:
EUR 1 = PLN 4.0027

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit and loss account	1 January – 30 September 2011	1 January – 30 September 2010	1 July – 30 September 2011	1 July – 30 September 200
PLN THOUSAND				
Continued business activities				
Sales revenue	79 790	117 067	26 700	37 570
Own sales cost	68 620	98 857	22 946	33 215
Gross sales profit (loss)	11 170	18 210	3 754	4 355
Other operating revenue	288	87	200	41
Sales costs	15 102	15 900	3 336	4 774
General and administrative costs	4 914	5 042	1 537	1 397
Other operating costs	2 079	146	42	22
Operating profit (loss)	-10 637	-2 791	-961	-1 797
Financial revenue	927	1 047	223	326
Financial costs	425	90	383	-583
Profit (loss) before tax	-10 135	-1 834	-1 121	-940
Income tax	1 381	298	349	277
Net profit (loss) on continued activities	-8 754	-1 536	-772	-663
Net profit (loss)	-8 754	-1 536	-772	-663
Attributable to:				
Shareholders of a dominant company	-7 882	-859	-466	-473
Minority shareholders	-872	-677	-306	-190
Net profit (loss) annualized	-6 950	4 428		
Profit (loss) per share attributable to shareholders of the dominant company				
On continued activities				
Ordinary and Diluted	-1.07	-0.12	-0.06	-0.06

Statement of comprehensive income	1 January – 30 September 2011	1 January – 30 September 2010	1 July – 30 September 2011	1 July – 30 September 200
PLN THOUSAND				
Net Profit (loss)	-8 754	-1 536	-772	-663
Components of other comprehensive income:				
Financial Assets available for sale	-510	-436	-237	367
Settlement of hedging instruments	0	40	0	40
Deferred Tax regarding other comprehensive income	97	83	45	-70
Other comprehensive income	-413	-313	-192	337
Comprehensive income for the period	-9 167	-1 849	-964	-326
Comprehensive income for the period attributable to:				
Shareholders of a dominant company	-8 295	-1 172	-658	-136
Minority shareholders	-872	-677	-306	-190

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	As at 30 September 2011	As at 31 December 2010	As at 30 September 2010
PLN THOUSAND			
FIXED ASSETS			
Intangible Assets	2 426	2 091	2 259
Consolidation goodwill	4 817	3 029	3 029
Tangible fixed assets	3 161	1 619	1 517
Financial assets available for sale	1 768	2 278	2 119
Long term receivables	7 168	4 984	2 666
Long term investments	0	0	0
Deferred income tax assets	4 321	1 986	1 553
TOTAL	23 661	15 987	13 143
CURRENT ASSETS			
Inventory	39 421	29 210	26 719
Trade and other receivables	25 378	37 320	30 536
Financial assets – hedging instruments	0	0	3



**CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF
1 July 2011 – 30 September 2011**

Income Tax Receivables	0	0	472
Cash	6 218	42 133	22 492
TOTAL	71 017	108 663	80 222
TOTAL ASSETS	94 678	124 650	93 365

Liabilities	As at 30 September 2011	As at 31 December 2010	As at 30 September 2010
	NOT AUDITED		
Equity (attributable to the shareholders of the dominant company)			
Share capital	740	740	740
Reserve Capital from sale of shares at premium	37 631	37 631	37 631
Reserve Revaluation capital	-637	-224	-353
Other capital reserves	143	143	143
Hedging transactions valuation capital	0	0	0
Retained earnings	20 319	28 201	26 229
TOTAL	58 196	66 491	64 430
Non-controlling entities' share	-747	92	309
Total Equity	57 449	66 583	64 739
Long-term liabilities			
Provision for deferred income tax	1 881	1 059	806
Provisions for liabilities	394	1 353	437
Other long-term liabilities	6 950	2 638	1 865
TOTAL	9 225	5 050	3 108
Short-term liabilities	2 495	0	0
Trade and other liabilities	23 425	51 375	23 868
Income tax liabilities	0	266	0
Provisions for liabilities	2 084	1 376	1 650
TOTAL	28 004	53 017	25 518
TOTAL LIABILITIES	94 678	124 650	93 365

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period of 1 January 2011 – 30 September 2011

	Equity attributable to dominant entity's shareholders					
PLN THOUSAND	Share Capital and capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total	Minority Interest	TOTAL EQUITY
Status as at 1 January 2011	38 514	28 201	-224	66 491	92	66 583
Net profit	0	-7 882	0	-7 882	-872	-8 754
Financial assets available for sale less deferred tax	0	0	-413	-413	0	-413
Status as at 30 September 2011	38 514	20 319	-637	58 196	-747	57 449

For the period of 1 January 2010 – 31 December 2010

	Equity attributable to dominant entity's shareholders					
PLN THOUSAND	Share Capital and capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total	Minority Interest	TOTAL EQUITY
Status as at 1 January 2010	38 514	27 039	0	65 553	986	66 539
Net profit	0	1 162	0	1 162	-894	268
Financial assets available for sale less deferred tax	0	0	-224	-224	0	-224
Status as at 31 December 2010	38 514	28 201	-224	66 491	92	66 583

For the period of 1 January 2010 – 30 September 2010

	Equity attributable to dominant entity's shareholders					
PLN THOUSAND	Share Capital and capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total	Minority Interest	TOTAL EQUITY
Status as at 1 January 2010	38 514	27 039	0	65 553	986	66 539
Current period's adjustments		49		49		50
Net profit		-859	0	-859	-677	-1 536
Financial assets available for sale less deferred tax	0	0	-353	-353	0	-353
Hedging transactions valuation capital			40	40		40
Status as at 30 September 2010	38 514	26 229	-313	64 430	309	64 739

CONSOLIDATED CASH FLOW STATEMENT

Cash Flow Statement	1 January 2011 – 30 September 2011	1 January 2010 – 31 December 2010	1 January 2010 – 30 September 2010
	PLN THOUSAND		
Operating Activities			
Profit (Loss) before Tax	-10 135	427	-1 834
Items' Adjustments	-27 282	23 089	6 137
Depreciation	1 442	1 533	1 089
Interest Received	-836	-1 307	-905
Interest Paid	0	0	0
Dividends received	-52	0	0
Profit (Loss) on Investment Activities	5	14	-21
Change in Inventories	-9 221	-9 572	-7 081
Change in receivables	13 585	18 616	25 727
Change in Liabilities and Reserves	-29 945	15 146	-11 388
Change in other Assets	-420	0	-277
Income Tax Paid	-266	-944	-944
Other	-1 574	-397	-63
	-37 417	23 516	4 303
Investment Activities			
Inflows	47	10	21
Inflows proceeding from disposal of intangible assets and tangible fixed assets	-5	10	21
From financial assets	52	0	0
In other entities	0	0	0
Outflows	-2 484	-1 940	-1 982
Outflows for acquisition of tangible fixed assets	-2 484	-1 909	-1 982
For the purchase of financial assets	0	0	0
Other	0	-31	0
Inflows from the sale of fixed tangible assets			
Inflows from sales of financial assets			
Interests received			

Dividends received			
	-2 437	-1 930	-1 961
Financial Activities			
Inflows	5 276	1 925	1 505
Shares issue	0	0	0
Other financial inflows	0	0	0
Inflows from contracted credit and loans	2 495	2	0
Interest	1 180	1 588	1 307
Payment of liabilities arising from financial leases	1 601	335	198
Outflows	-1 343	-1 240	-1 217
Purchase of shares	-10	0	0
Repayment of credit and loans	-2	-150	-150
Payment of liabilities arising from financial leases	-986	-789	-838
Dividends paid out	0	0	0
Interest Paid	-345	-301	-229
From other Financial Liabilities	0	0	0
Exchange differences			
Net cash used for/received from financial activities	3 933	685	288
Change in Cash	-35 921	22 271	2 630
Cash at the beginning period	42 139	19 862	19 862
Cash at the end period	6 218	42 133	22 492

III. BASIC INFORMATION

Dominant Entity

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 Ltd. into joint stock company on 6 November 2006. ARCUS Ltd. had been established in 1987.

The company's registered office is based in Warsaw, at 2 Miła Street. The Company has its branches in Gdańsk, Bydgoszcz, Łódź, Poznań, Wrocław and Katowice. 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 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 and correspondence management systems,
- solutions and services related to Telematics and Telemetry (fleet monitoring and implementation of intelligent energy networks and measurement systems),
- ICT solutions integration (Information and Communication Technologies).

As at balance sheet day, that is as at 30 September 2011, and as at the day of the financial statement hereof preparation, the composition of the Management Board was as follows:

- Michał Czeredys – President of the Management Board

As at 30 September 2011 the composition of the Supervisory Board was as follows:

- Marek Czeredys - Chairman of the Supervisory Board
- Dominik Czajewski – Vice-Chairman of the Supervisory Board
- Michał Słoniewski - Member of the Supervisory Board
- Sławomir Jakszuk – Member of the Supervisory Board

As at the day of the financial statement hereof preparation, the composition of the Supervisory Board was as follows:

- Marek Czeredys - Chairman of the Supervisory Board
- Dominik Czajewski – Vice-Chairman of the Supervisory Board
- Michał Słoniewski - Member of the Supervisory Board
- Sławomir Jakszuk – Member of the Supervisory Board
- Krzysztof Rajczewski – Member of the Supervisory Board

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,
- Docusoft Ltd. (hereinafter: 'Docusoft') – 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.

In September 2011, shareholders of T-matic adopted a resolution regarding the increase of share capital by the amount of PLN 667 000 up to the amount of PLN 717 000 through the issue of new shares of nominal value equal to PLN 50 paid up in cash. ARCUS S.A. acquired 7 337 shares for the total amount of PLN 366 850.

The shareholding structure has not changed. The share capital increase shall be registered in the National Court Register in the fourth quarter of 2011. The acquisition of T-matic Systems Ltd. shares shall be settled with the use of 'purchase price' method.

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

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).

In the first half of 2011, ARCUS Capital Group was enlarged on 23 May 2011 as a result of acquiring by the Issuer of 86.96% of shares of DocuSoft Ltd.

In the third quarter of 2011, there were no changes in the structure of a dominant entity

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

Main scope of business activities of DocuSoft Ltd. in accordance with its Articles of Association shall include:

- manufacture of software for document and information management,
- analysis of customer requirements in terms of information flow systems,
- implementation of authorial software,

- implementation of processes realized at the customer on the basis of the software developed,
- trainings in terms of service and administration of implemented software.

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

In the third quarter of 2011, the consolidated sales revenues amounted to PLN 26 700 000 and were by 29% lower comparing to the same period of 2010. Incrementally for three quarters, consolidated revenues amounted to PLN 79 790 000 and were by 31% lower as compared to the corresponding period of 2010. After third quarter of 2011, the unconsolidated revenues equaled to PLN 26 383 000 which is by 28% lower comparing to the third quarter of 2010. Cumulatively, the unconsolidated revenues amounted to PLN 77 074 000 which constitutes a 33% drop. The decrease in revenues is due to several factors, of which the major is a temporary decrease in the Group customers' investments resulting from the uncertain macroeconomic situation and the symptoms of recession. In addition, the Group since the current year, attaches more importance to the obtained margins and long-term cooperation with customers, which automatically eliminates part of the trading-volume-oriented transactions. The consolidated sales in the third quarter of 2011, consisted of the following inflows of operating segments:

- IT segment – revenues: PLN 67 016 000 (decrease by 33%),
- Services segment – revenues: PLN 7 836 000 (decrease by 42%),
- Telematics and Telemetry segment – revenues: PLN 4 938 000 (increase by 106%).

In the third quarter of 2011, the consolidated own-sales cost decreased by 31% to the level of PLN 22 946 000. Taking into consideration the unconsolidated results, the level of mentioned decrease was also 31%. After the third quarter of 2011, the Capital Group achieved PLN 3 754 000 of profit on sales which is a 14% drop comparing to the third quarter of 2010. At the same time, this drop indicates a significant increase in sales margins. Cumulatively, profit on sales amounted to PLN 11 170 000 (decrease by 39%). IN the third quarter of 2011, the unconsolidated profit on sales amounted to PLN 3 995 000 (decrease by 6%) and cumulatively to PLN 10 880 000 (decrease by 39%)

which indicates an increase in margin on sales in Q3 2011, contrary to the situation in the first half of the year.

In the third quarter of 2011, the consolidated operating costs amounted to PLN 4 915 000 (decrease by 21%) and cumulatively to PLN 22 095 000 (increase by 5%). Such results arise mainly from one-time increase in personnel and material costs in the second quarter of the year and 7% stock depreciation also in the second quarter - after elimination of these one-time events, the decrease in costs should be around 12%. The unconsolidated operating results in the third quarter of the current year show an increase in sales margins and a decrease in operating costs through the improvement of financial discipline. Nevertheless, this is only the beginning of processes and their effects will be noticeable in 6-12 months.

In the reporting period, the Capital Group reported PLN 961 000 of operating loss as compared to PLN 1 797 000 of operating loss a year earlier. Cumulatively, it was respectively PLN 10 637 000 and PLN 2 791 000. In the third quarter of 2011, ARCUS S.A reported an operating profit at the amount of PLN 144 000 comparing with PLN 1 172 000 of loss a year earlier. Cumulatively, an unconsolidated loss amounted to PLN 8 447 000 (PLN 1 131 000 of loss a year earlier). The results achieved in the third quarter of 2011 by Capital Group's particular segments shall be as follows:

- IT segment – PLN 3 717 000 (decrease by 37%),
- Services segment – PLN 2 040 000,
- Telematics and Telemetry segment – PLN 1 847 000 of loss comparing to PLN 1 492 000 of loss a year earlier.

The core business segment within IT area, reported a drop in results as compared with the same period of 2010, but remained profitable. In the period of 1-3Q 2011 services segment recorded the negative result, which is largely due to investments in this area - an increase in employment of more than 50% caused an increase in personnel costs, costs of equipment for repairers (among others: cars, computers, telephones, service equipment) and their specialized trainings. Service activities, including maintenance service, are an essential element of ARCUS S.A. development strategy, so now the investments are being realized in order to bring tangible benefits in the near future. ARCUS invests intensively in human resources, recognizing that in a modern business

model, it is one of the best ways to ensure long-term growth. To this end, in the third quarter of 2011 the company launched a biennial training program under the name: 'Improving the competences of ARCUS S.A. employees through trainings and consulting' of total budget of PLN 1.15 million, of which PLN 818 000 will be co-financed by the European Union. At the same time the Company makes the efforts in order to launch further trainings financed with EU funds, which will be addressed to ARCUS S.A. partners and will be aimed at increasing their technical and service competences.

Telematics and telemetry segment recorded a negative result, as in previous year – such situation is primarily due to investments in the development of services in terms of intelligent energy networks (specialized implementation teams) and expenditures for pilot programs and market education. Contracts concluded in the last months and commencement of their implementation shall be a guarantee that the investments already incurred for the development will bring tangible benefits. Investments in R & D made by T-Matic - a subsidiary - not capitalized and therefore directly charged to operating and financial results of the Group. The Management Board of ARCUS S.A. believes that these investments, despite high costs, are necessary to ensure long-term growth in the area of services for the production and media transmission (electricity, gas, water) sector and in the near future will bring tangible benefits to the shareholders. In the third quarter of 2011 ARCUS S.A. launched the project: 'Supporting the implementation of B2B electronic business' which received funding from the EU at the amount of PLN 748 000. Implementation of mentioned project is planned in the period between September 2011 and May 2012. This will facilitate data transfer between the Group's companies and business partners as well as will improve the quality of controlling and accounting.

The task for subsequent periods shall be improvement of generated margins and optimization of owned resources and costs.

After considering the impact of the provisions on deferred tax, in the third quarter of 2011 the Capital Group generated PLN 772 000 of loss comparing to PLN 663 000 of loss a year earlier. Cumulatively it was respectively – PLN 8 754 000 of loss for the period of 1-3 Q 2011 and PLN 1 536 000 of loss in the corresponding in 2010. In the third quarter of 2011, ARCUS S.A. achieved PLN 20 000 on unconsolidated net profit (PLN 242 000 of loss a year earlier), and cumulatively realized PLN 6 660 000 of loss comparing to PLN

19 000 000 of loss for three quarters of 2010. The table below presents the dynamics of consolidated results for the third quarter of 2011 compared with the corresponding period last year.

	1 January – 30 September 2011 (PLN THOUSAND)	1 January – 30 September 2010 (PLN THOUSAND)	CHANGE	1 July – 30 September 2011 (PLN THOUSAND)	1 July – 30 September 2010 (PLN THOUSAND)	CHANGE
Sales revenues	79 790	117 067	-32%	26 700	37 570	-29%
Own sales costs	68 620	98 857	-31%	22 946	33 215	-31%
Gross profit (loss) on sales	11 170	18 210	-39%	3 754	4 355	-14%
Other operating revenues	288	87	231%	200	41	388%
Sales costs	15 102	15 900	-5%	3 336	4 774	-30%
General and administrative costs	4 914	5 042	-3%	1 537	1 397	10%
Other operating costs	2 079	146	1324%	42	22	91%
Restructuring costs	0	0	0%	0	0	0%
Profit (loss) on operating activities	-10 637	-2 791	-281%	-961	-1 797	47%
Financial revenues	927	1 047	-11%	223	326	-32%
Financial costs	425	90	372%	383	-531	-
Net profit (loss)	-8 754	-1 536	-470%	-772	-663	-16%
Attributable to:						
Dominant Company's shareholders	-7 882	-859	-817%	-466	-473	-1%
Minority shareholders	-872	-677	-29%	-306	-190	-61%

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 2011, the current assets which accounted for 75% of the balance sheet total (86% a year earlier) were the major component of the Capital Group's equity. The value of current assets amounted to PLN 71 017 000 comparing with PLN 80 222 000 a year earlier. The inventory at the amount of PLN 39 421 000 (increase by 33% year-to-

year) was the most significant item, but was composed mainly of advances for the supply of goods (PLN 11 172 000) which regarded the purchases for the Energy sector in accordance with already concluded contracts. The stocks (inventory) totaled to the amount of PLN 28 249 000 and are gradually reduced - ARCUS intends to significantly reduce their level and increase the turnover of goods. Cash balance has been temporarily reduced in accordance with the significant involvement in financing the energy sector. Furthermore, during this year, a capital investment was made by acquiring DocuSoft Ltd. for the amount of PLN 2 000 000. In addition, the tangible fixed assets and intangible assets had also increased. In the third quarter of 2011, the Capital Group used its own equity to finance the operating activities. The equity accounted for the two thirds of the balance sheet total.

Employment

The table below presents the changes in the structure of persons employed by ARCUS S.A. as at the end of the third quarter of 2011:

Employment status	Service staff	Warehouse staff	Sales staff	Management Board	Accounting Department Staff	Administration staff	TOTAL
30 September 2010	27	4	49	3	4	19	106
30 September 2011	41	4	52	1	4	20	122
Change	14	0	3	-2	0	1	16
Change %	52%	0%	6%	-66%	0%	5%	15%

In the third quarter of 2011, comparing to the corresponding period last year, the total employment in ARCUS S.A. increased from 106 to 122 persons (increase by 15%). The most significant increase was recorded in Service Department (increase by 14 persons, that is by 52%) which was associated with the implementation of the strategy consisting in the change of a model of a sales company into sales and service company, for which a long-term contracts service and after-sales services are essential. The largest drop was

reported in the area of senior (executive) management, which is the result of implemented policies in terms of reducing management costs.

The employment of a subsidiary (T-matic) as at the end of the third quarter of 2011, has been presented in the table below:

Employment as at	Technical support employees (Telematics)	Service employees (Energetics)	IT employees	Commercial employees	Management Board	Administrative employees	TOTAL
30 September 2010	5	3	3	2	4	2,25	19,25
30 September 2011	6	4	4	2,25	1	3	20,25
Change	1	1	1	0,25	-3	0,75	1
Change %	20%	33%	33%	12%	-75%	33%	5%

In T-matic, in the third quarter of 2011, compared to the same period last year, the employment in operational and technical departments increased. The managerial staff was significantly reduced, which is associated with management costs reduction.

The employment of a subsidiary (DocuSoft) as at the end of the third quarter of 2011, has been presented in the table below:

Employment as at	Technical support employees	Service employees	IT employees	Commercial employees	Management Board	Administrative employees	TOTAL
30 September 2010	1	0	5	1	1	0	8
30 September 2011	0,8	0	2	0	1	0,8	4,6
Change	-0,2	0	3	-1	0	0,8	
Change %	-20%	0%	-60%	-100%	0%	80%	-42%

In DocuSoft, in the third quarter of 2011 comparing to the same period a year earlier, the employment in IT and commercial departments was reduced since these functions, in part or in whole, were transferred to ARCUS S.A.

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

Financial assets acquired through shares public issue at the amount not used for funding issue objectives, have been deposited in PeKaO S.A. Bank. At the end of 3Q 2011, following the conclusion of significant contracts regarding the supplies for the energy sector, mentioned financial assets supplied working capital and now are used for implementation of these contracts.

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

In the period between the balance sheet day and the date of publication of the interim financial statement hereof, there were no significant events which could affect the financial result.

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:

- Fluctuations of exchange rates (EUR/PLN). The Group as a large importer of the EUR area, incurs (higher than planned) costs of goods purchase (in case PLN is weakening) or achieve lower revenues denominated in foreign currencies (in case PLN is strengthening). Particularly in case of contracts that are being performed in a public sector, prices expressed in PLN are not subject to renegotiation.

- changes in the Poland's economic situation connected with the situation on world markets, which may affect the demand (associated with the economic growth) for the products offered by the Group,
- timely execution of won bids and competitive processes,
- final settlement of won tenders and conclusion of the relevant agreements which value may significantly influence the revenues and results that are to be achieved during next quarter,
- broadening the scope of the Company's activities in the field of ICT solutions and high-added value services, e.g. Telematics services provided by T-matic (solutions for transportation management and remote measurement of utilities) as well as lease services with regard to the equipment intended for printing and correspondence management,
- focusing the Company's and the Group's management processes on the optimization and business operations' profitability increasing as a result of the Issuer's founders' involvement in the management and supervision over the Company:
 - Mr. Marek Czeredys – Chairman of the Supervisory Board,
 - Mr. Michał Czeredys – President of the Management Board;
- in the third quarter of 2011, consortium of ARCUS S.A. and T-matic – in accordance with the performance of the framework agreement of 28 June 2011 as regards launching and delivery of the meter infrastructure concluded with Energa Operator S.A. – won three implementation proceedings for the total amount of approximately PLN 40 000 000;
- in accordance with the performance of the agreement concluded with Zakłady Ubezpieczeń Społecznych (Social Insurance Institution) on 27 November 2009 for the post-warranty service of FS 9100 D Kyocera laser printers (current report No 48/2009), the Management Board of ARCUS S.A. with a current report No 4/2011 informed that had received from Zakład Ubezpieczeń Społecznych (Social Insurance Institution) an accounting note stating the burden arising from the delays in carrying out the maintenance inspection in accordance with terms of agreement. The Social Insurance Institution stated that aforementioned agreement had been breached and requested ARCUS S.A. to pay the contractual penalty at the amount of PLN 5,515,440.00 by 14 April 2011. The Social

Insurance Institution cites breach of agreement pursuant to which ARCUS S.A. was obliged to carry out the maintenance inspection of mentioned printers at least every 8 months starting from the agreement signing date that is from 27 July 2010. In accordance with aforementioned agreement the delay in compliance with this obligation was the subject of contractual penalty at the amount equal to PLN 120 for each day of delay with regard to each unrepaired printer. In the opinion of the Issuer, the Social Insurance Institution's request to pay a contractual penalty constitutes an unfounded claim. The delay in carrying out the maintenance inspection was the exclusive fault of the Social Insurance Institution and due to that fact it cannot be stated that ARCUS S.A. breached the agreement. Taking the above into consideration, the Social Insurance Institution had no right to request the payment of contractual penalty. In June 2011, the Social Insurance Institution withheld the Company's remuneration at the total amount of PLN 1 849 000 arising from the ongoing maintenance services towards the aforementioned contractual penalty. In the opinion of the Management Board and based on a legal assessment of these events it shall be highly probable that these amounts would have to be returned to the Company with interest due. Therefore, the debtors provision with regard to this claim has not been created as at the balance sheet day, that is as at 30 September 2011. ARCUS S.A. conducts a dialog with the Social Insurance Institution in order to settle a dispute which occurred as a result of different interpretation of the agreement's provisions and breaching the specification of the Order's Key Terms in the tender process,

- significant increase in fuel prices, which translates into an increase in transport costs, operating costs (operation of the vehicle fleet used by the Service Departments of the Group) and the decline in demand for fleet monitoring services (transport companies, in the face of rising fuel prices may seek to reduce operating costs in the area of purchased services),
- possible increase of interest rates may negatively influence the cost of outstanding lease commitments.

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 at 30 September 2011. The comparable data cover the period of 1 January 2010 – 30 September 2010. 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 the assumption that the Group would continue its business activities into the foreseeable future. As at the day of the financial statement preparation there were no circumstances that could indicate existence of any serious threats to the continuation of the Group's businesses activity.

Financial data included in the financial statement shall be expressed in PLN, unless otherwise indicated. Polish Zloty (PLN) shall be the Group's functional and reporting currency.

Statement of conformity

The presented financial statement for the period of 1 January 2011 – 30 September 2011 as well as comparable data for the period from 1 January to 30 September 2010 has been prepared in accordance with the 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 2010 were applied with the exception of the following adjustments to standards and new interpretations applicable to annual periods beginning on or after 1 January 2011:

- Amendments to IAS 32 "Financial Instruments: Presentation",
- Amendments to IAS 24 "Related Party Disclosures",
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments",
- Amendments to IFRIC 14 "Minimum Funding Requirements and their Interaction",
- Improvements to the International Financial Reporting Standards - a set of amendments to the International Financial Reporting Standards, amendments are effective in most cases, for annual periods beginning on or after 1 January 2011.

Adoption of these standards and interpretations did not result in any significant changes in accounting policies applied by the Company or in the presentation of information in financial statements.

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:

New Standard and its amendments – IFRS 9 Financial Instruments

The new standard replaces the requirements specified in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and valuation of financial assets. Standard eliminates the existing categories set forth in IAS 39: held to maturity, available-for-sale, loans and receivables.

Upon initial recognition financial assets are classified as: financial assets measured at amortized cost or financial assets measured at fair value.

Amendments to IFRS 9 of 2010, amend the requirements specified in IAS 39 Financial Instruments: Recognition and Measurement regarding the classification and valuation of financial liabilities, the exclusion of financial assets and financial liabilities. Standard retains almost all the existing requirements of IAS 39 relating to the classification and valuation of financial liabilities and exclusion of financial assets and financial liabilities. The Standard requires that the change of fair value regarding the change in credit risk of financial liabilities designated upon initial recognition as measured at fair value through the profit and loss account have been presented in other comprehensive income. The remaining part of the profit or loss from fair value measurement is recognized in profit and loss account of a current period. In case the application of this requirement makes it impossible to match revenues and expenses, then the entire change in fair value shall be recognized in a current period's income statement. The values presented in other comprehensive income shall not be reclassified to the financial results of a current period. They may, however, be reclassified to equity. Under IFRS 9, the valuation of derivative financial instruments that are linked with each other and must be settled by providing not listed equity instruments whose value cannot be reliably determined, shall be carried out at fair value.

Effective date of IFRS 9 and its amendments for annual periods beginning on or after 1 January 2013.

It is expected that at the time of initial application, the new standard and its amendments will affect the future financial statements and comparable data, in accordance with the fact that their retrospective application be required.

IFRS 10 "Consolidated Financial Statements" is applicable to annual periods beginning on or after 1 January 2013. This standard has not been approved by the European Union,

IFRS 11 "Joint ventures" is applicable to annual periods beginning on or after 1 January 2013. This standard has not been approved by the European Union,

IFRS 12 "Disclosures of Interests in Other Entities" is applicable to annual periods beginning on or after 1 January 2013. This standard has not been approved by the European Union,

IFRS 13 "Fair Value Measurement" is applicable to annual periods beginning on or after 1 January 2013. This standard has not been approved by the European Union,

Amendments to IAS 1 "Presentation of Financial Statements" shall be applicable to annual periods beginning on or after 1 July 2012. These amendments have not been approved by the European Union,

Amendments to IAS 12 "Taxes – Deferred income tax: future realization an asset's component"

An amendment of 2010 introduces an exception to the currently binding deferred tax valuation rules set forth in paragraph 52 of IAS 12 based on the method of realization. The exception relates to deferred tax on investment property measured at fair value in accordance with IAS 40 by introducing an assumption that only the sale shall constitute the method of these assets' book value realization.

The intentions of the Board shall have no meaning, unless the investment property is amortized and maintained within the business model aimed at consuming substantially all of the economic benefits of a given asset over a period of its life. This is the only case for which this assumption will be able to be rejected.

The effective date for annual periods beginning on or after 1 January 2012.

The influence of initial application of this amendment will depend on the type of assets held and their fair value as at the date of initial application of a Standard. Until the first application of the Standard, the Company assumes that the impact of this standard on future financial statements shall not be significant.

Amendments to IAS 19 "Employee Benefits" shall be applicable to annual periods beginning on or after 1 January 2013. These amendments have not been approved by the European Union,

Amendments to IAS 27 "Separate Financial Statements" shall be applicable to annual periods beginning on or after 1 January 2013. These amendments have not been approved by the European Union,

Amendments to IAS 28 "Investments in Associates and Joint Ventures" shall be applicable to annual periods beginning on or after 1 January 2013. These amendments have not been approved by the European Union,

Principles of consolidation

The consolidated financial statement comprises the financial statement of a dominant entity and subsidiaries controlled by the dominant entity, prepared as at 30 September 2011 (comparable data for 2010).

ARCUS S.A. Company assumed control over the subsidiary – T-matic Systems Ltd. on 29 July 2008 and over DocuSoft Ltd. – on 23 May 2011. 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 Południowy Koncern Energetyczny (The Southern-Poland Energy Company). The purchase price amounted to PLN 2 523 000. On 31 March 2010 shares of The Southern-Poland Energy 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, with the assumption of 9:1 shares split ratio.

Changes in Accounting Principles

During the period covered by this statement, ARCUS S.A. Company and Capital Group did not change 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 2010, which was published on 30 April 2011.

V. Additional explanatory notes

Sales revenues

The tables below show the geographical structure and structure by type of the Group's sales revenues:

	1 January – 30 September 2011	1 January – 30 September 2010
Revenues from sales of products	0	661
Revenues from sales of services	8 410	9 101
Revenues from sales of goods	71 380	107 305
Revenues from sales of materials		
Sales revenues TOTAL, including:	79 790	117 067
for related entities	26	897

	1 January – 30 September 2011	1 January – 30 September 2010
Domestic sales	79 566	116 873
Sales to foreign customers	224	194
Sales revenues total	79 790	117 067

Seasonality or cyclicity of business operations

The business activities of ARCUS S.A. are not subject to seasonality or cyclicity. The revenues of the Company are generated on the basis of permanent and incidental contracts. The significant share of incidental contracts in the Company's sales (as well as their variable occurrence during the year) leads to the variable level of sales in comparable periods of different years. At the same time, this factor does not have a considerable impact on the comparability of the Company's annual results. ARCUS S.A. successively aims at concluding long-term contracts which will reduce the impact on the results of incidental contracts. The Company attains mentioned objective through leasing of equipment to customers and development of maintenance, integration and telematics services. It is expected that these areas will continue to increase their share in the Company's revenues and EBITDA.

The business activities of a subsidiary company – T-MATIC SYSTEMS Ltd. are characterized by seasonal variations in the level of sales. The vast majority of sale is realized in the second half of the year. Taking into consideration the current, inconsiderable share of this company in the Group’s revenues, mentioned variations do not have a significant impact on the Group’s financial result. Business operations developed in the telemetry segment and contracts already concluded should contribute to a significant change in the revenue structure.

The business activities of a subsidiary company – DocuSoft Ltd. are characterized by seasonal variations in the level of sales. The vast majority of sale is realized in the second half of the year. Taking into consideration the current, inconsiderable share of this company in the Group’s revenues, mentioned variations do not have a significant impact on the Group’s financial result.

Business segment’s sales results and revenues

The business activity of ARCUS Capital Group has been divided into the following business segments:

- **IT segment** – document lifecycle management systems (office solutions), including solutions, devices, software, services and correspondence management systems (mailstream solutions) dedicated to dispatching centres;
- **Telematics and Telemetry segment** – vehicles monitoring and management systems and measurement systems for electricity, gas, water and heating,
- **Other services segment** – servicing (maintenance services).

Business segments’ data for the period of 1 January 2011 – 30 September 2011:

	Telematics and Telemetry segment	IT segment	Other services segment	TOTAL
Revenues	4 938	67 016	7 836	79 790
Sales to external clients	4 938	67 016	7 836	79 790
Sales between segments	-	-	-	0
Segment’s revenues - total	4 938	67 016	7 836	79 790
Segment’s result	-1 847	3 717	-2 040	-170

Costs not allocated	-	-	0	10 467
Profit on operating activities	-	-	-	-10 637
Net financial revenues	-	-	-	502
Profit before tax	-	-	-	-10 135
Income tax				1 381
Net profit for the financial year				-8 754
Assets and liabilities				
Segment's assets	6 374	61 729	4 637	72 740
Assets not allocated	-	-	0	21 938
Total assets	6 374	43 779	5 048	94 678
Segment's liabilities	1 745	29 408	3 268	34 421
Liabilities not allocated	-	-	-	2 808
Total liabilities	1 745	18 264	499	37 229

Business segments' data for the period of 1 January 2010 – 30 September 2010:

	Telematics and Telemetry segment	IT segment	Other services segment	TOTAL
Revenues	2 397	101 139	13 531	117 067
Sales to external clients	2 397	101 139	13 531	117 067
Sales between segments	-	-	-	0
Segment's revenues - total	2 397	101 139	13 531	117 067
Segment's result	-1 492	5 900	603	5 011
Costs not allocated	-	-	0	7 802
Profit on operating activities before tax and financial revenues	-	-	-	-2 791
Net financial revenues	-	-	-	957
Profit before tax	-	-	-	-1 834
Income tax	-	-	-	298
Net profit for the financial year	-	-	-	-1 536
Assets and liabilities				
Segment's assets	8 020	43 779	5 048	56 847
Assets not allocated	-	-	0	36 720
Total assets	8 020	43 779	5 048	93 567
Segment's liabilities	1 528	18 264	499	20 291
Liabilities not allocated	-	-	-	8 537
Total liabilities	1 528	18 264	499	28 828

Profit per share

	1 January – 30 September 2011	1 January – 30 September 2010
Weighted average number of shares	7 395 157	7 395 157
Weighted average diluted number of shares	7 395 157	7 395 157
Net profit (loss) attributable to the shareholders of a dominant entity (PLN THOUSAND)	-7 882	-859
Net profit (loss) per share attributable to the shareholders of a dominant entity	-0,94	-0,12
Diluted profit (loss) per share attributable to the shareholders of a dominant entity	-0,94	-0,12

Type and amounts of items influencing the assets, liabilities, equity, net financial result or cash flow, which are unusual due to their type, amount and kind of influence

In the third quarter of 2011, the items influencing the assets, liabilities, equity, net financial result or cash flow, which are unusual due to their type, amount and kind of influence, were not recognized.

Type and amounts of changes in accounting estimates reported in current financial year's prior periods, or changes in accounting estimates reported in prior financial years, if they have a significant impact on the current interim period

In the period of three quarters of 2011 an impairment of non-financial assets at the amount of PLN 1 987 000 was determined.

	1 January – 30 September 2011	1 January – 30 September 2010
Loss on sales of fixed assets	10	0
Cost of repair of insured property	0	0
Donations	66	53
Revaluation of non-financial assets	1 987	49
Other	16	44
Total	2 079	146

The table below presents the changes in provisions for liabilities:

	1 January – 30 September 2011	1 January – 30 September 2010
Opening balance	2 729	1 163
Creation of the provision	1 425	2 013
Provision for warranty repairs	1 425	1 948
Provision for retirement benefits	0	65
Other	0	0
Use of provisions	1 282	508
Provision for warranty repairs	1 282	508
Provision for retirement benefits	0	0
Release of provisions	394	581
Provision for warranty repairs	254	558
Provision for retirement benefits	140	23
Closing balance	2 478	2 087

The balance of provisions as at 30 September 2011 is presented in the table below:

	1 January – 30 September 2011	1 January – 30 September 2010
Provision for warranty repairs	2 203	1 640
Provision for retirement benefits	275	447
Provision for balance sheet audit	0	0
TOTAL	2 478	2 087
including:		
Long-term part	394	437
Provision for retirement benefits	171	273
Provision for retirement benefits	223	164
Short-term part	2 084	1 650
Provision for retirement benefits	2 032	1 366
Provision for retirement benefits	52	284
Provision for balance sheet audit	0	0

Dividends paid out or declared

During the period covered by the financial statement hereof, ARCUS S.A. neither declared nor paid the dividend. The dominant entity's profit for the year 2010 was allocated at the General Meeting of ARCUS S.A. Shareholders held on 26 May 2011. On

the basis of the Resolution No 10 of aforementioned General Meeting, the Company's profit achieved in the financial year ended 31 December 2010 at the amount of PLN 2 255 000 was allocated to the reserve fund.

Fixed assets

	1 January – 30 September 2011	1 January – 30 September 2010
Fixed assets	3 161	1 517
Lands	0	0
Buildings and structures	0	0
Machinery and devices	838	332
Means of transport	768	452
Other	1 555	733
Fixed assets under construction	0	0
Fixed tangible assets	3 161	1 517

Change in fixed assets

Changes in fixed assets in the period of 1 January 2011 – 30 September 2011:

	Buildings and structures	Machines and devices	Means of transport	Other	TOTAL
Gross value					
As at 1 January 2011	0	1 397	1 078	2 400	4 875
Increases		2 862	445	3 131	6 438
- Acquisition		2 862	445	3 131	6 438
Decreases	0	2 277	104	2 106	4 487
- sales and liquidation		2 277	104	2 106	4 487
As at 30 September 2011	0	1 982	1 419	3 425	6 826
Redemption					
As at 1 January 2011	0	1 121	605	1 530	3 256
Increases	0	184	126	450	760
- Amortization	0	184	126	450	760
					0
Decreases	0	161	80	110	351

- sales and liquidation		161	80	110	351
As at 30 September 2011	0	1 144	651	1 870	3 665
NET as at 30 September 2011	0	838	768	1 555	3 161

Changes in fixed assets in the period of 1 January 2010 – 30 September 2010:

	Buildings and structures	Machines and devices	Means of transport	Other	TOTAL
Gross value					
As at 1 January 2010	0	1 370	1 023	4 188	6 581
Increases		330	0	470	800
- Acquisition		330	0	470	800
Decreases	0	286	0	2 478	2 764
- sales and liquidation		286	0	2 478	2 764
As at 30 September 2010	0	1 414	1 023	2 180	4 617
Redemption					
As at 1 January 2010	0	1 058	437	1 202	2 697
Increases	0	105	134	246	485
- Amortization	0	105	134	246	485
Decreases	0	81	0	1	82
- sales and liquidation		81	0	1	82
As at 30 September 2010	0	1 082	571	1 447	3 100
NET as at 30 September 2010	0	332	452	733	1 517

Off-balance-sheet fixed assets

	1 January – 30 September 2011	1 January – 30 September 2010
On the basis of lease agreement	2 610	2 508
On the basis of tenancy agreement	0	9
TOTAL	2 610	2 517

Cash

As at the end of the third quarter of 2011, ARCUS Capital Group had PLN 6 218 000 of cash allowing to ensure the financial liquidity.

	1 January – 30 September 2011	1 January – 30 September 2010
Cash in hand	18	8
Cash at bank	209	1 283
Short-term deposits	5 991	21 201
TOTAL	6 218	22 492

Available for sale Financial assets

	1 January – 30 September 2011	1 January – 30 September 2010
Shares of listed entities	1 768	2 119
Shares of not listed entities	0	0

In 2006, ARCUS S.A. Company acquired 70.000 shares of Południowy Koncern Energetyczny (The Southern-Poland Energy Company). The purchase price amounted to PLN 2 523 000. On 31 March 2010 shares of The Southern-Poland Energy 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, with the assumption of 9:1 shares split ratio. As at 30 September 2011 share price amounted to PLN 5.10.

Share capital

The share capital of ARCUS S.A. currently amounts to PLN 739,515.70 and is divided into 7,395,157 bearer ordinary shares (A-series, B-series and C-series shares) of nominal value PLN 0.10 each and entitling to 7,395,157 votes. All shares are admitted to public trading on the Warsaw Stock Exchange.

To the best of the Management Board's knowledge, the structure of ARCUS S.A. Dominant Company's shareholders holding at least 5% of votes at the Company's General Meeting is as follows:

Shareholder	Number of shares	Nominal value of shares held (PLN)	Share in capital = share in the total number of votes
MMR Invest SA (1)	4 800 000	480 000,00	64,91%
AIG TFI	600 000	60 000,00	8,11%
Others	1 995 157	199 515,70	26,98%
TOTAL	7 395 157	739 515,70	100,00%

1) Mr Marek Czeredys and Michał Czeredys through MMR Invest SA Company hold 4 800 000 shares of ARCUS S.A. which accounts for 64.91% of share capital and total number of votes at ARCUS S.A. General Meeting

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

Shares held by managing and supervising persons

Shares held by the managing and supervising persons as at the day of the financial statement for the third quarter of 2011 publication:

As at 30 September 2011 and as at the day of the financial statement for the third quarter of 2011 publication		
Shareholder	Number of shares = number of votes / Nominal value (PLN)	% share in the share capital (= % share in the total number of votes)
Grażyna Syrczyńska	2 901 / 290,1	0,04%

According to the Company's knowledge, in the period between the date of submitting the previous interim financial statement and the date of the financial statement hereof publication, there were no changes with regard to the number of shares held by the managing and supervising persons.

According to the Company's knowledge, Members of the Supervisory and Management Boards did not hold the shares of ARCUS S.A. as per 30 September 2011 and as per the date of the financial statement hereof preparation.

In the period between the date of submitting the previous interim financial statement and the date of the financial statement hereof publication, ARCUS S.A. Company did not receive any information concerning the change in the number of shares held by the managing and supervising persons.

Credits and loans

In the third quarter of 2011, the Group was not granted any loan or credit guarantees nor guarantees except for those described in the report hereof.

At the same time, as at 30 September 2011 the Company had an agreement of 10 July 1998 regarding a short-term working capital loan signed with PeKaO Bank S.A. and extended with annexes for subsequent periods.

The credit at the amount of PLN 4 000 000 shall be repaid until 30 November 2011. An interest rate on a credit shall be variable and shall be determined on the basis of WIBOR rate increased by the Bank's margin. The debt as at 30 September 2011 amounted to PLN 2 495 000.

In the third quarter of 2011 any of the Group's companies' loan and credit agreements were not terminated.

List of changes in contingent liabilities or contingent assets which occurred since the financial year's end

	As at 30 September 2011	As at 30 September 2010
For the benefit of other entities:	48 612	42 289
1) Bill of exchange liabilities, including issued for:	29 844	22 769
a) Bank as credit collateral	4 000	4 000
b) Insurance companies due to performance bond granted	4 824	530
c) Insurance companies due to deposits guarantees	1 170	297
d) Bills of exchange payable in respect of import letters of credit	19 850	17 942

2) Repossession of warehouses	7 000	7 000
3) Assignment Of Accounts Receivable	10 000	10 000
4) The pledge on the shares in respect of import letters of credit	1 768	2 520

'Contingent liabilities' include mainly guarantees of letters of credit as well as performance bonds and deposit guarantees granted to ARCUS S.A. The value of contingent liabilities in respect of insurance guarantees amounted to PLN4 824 000 as at 30 September 2011.

According to the Company's anticipations it would not be necessary to use aforementioned guarantees.

Lease agreements

ARCUS S.A. has 31 lease agreements for the total amount of PLN 7 400 000 concluded with three lease companies. Mentioned agreements regard the equipment which is leased to ARCUS S.A. clients on the basis of long-term agreements. Inserters and office devices shall be the subject of these agreements, which on a standard basis are secured with assignment of lease agreements, sola bills together with a bill of exchange declaration and sporadically with a deposit.

Transactions with related entities

In the third quarter of 2011, T-matic System Ltd. and DocuSoft Ltd. were the entities directly related to ARCUS S.A. (through the shares held).

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

- **INFORSYS S.A.** – the major shareholders of ARCUS S.A. are shareholders of INFORSYS S.A. company,
- **ZAKŁAD DOŚWIADCZALNY INSTYTUTU ZOOTECHNIKI MEŁNO Ltd.** (Experimental Department of the Animal Technology Institute) – major shareholder of ARCUS S.A. is the major shareholder of ZD IZ MEŁNO Sp. z o.o.,

- **KOMA GPS** – Maciej Komorowski – Business of Maciej Komorowski, the Member of T-matic Systems Ltd. Management Board,
- **E'SALDO** Biuro Rachunkowe Janina Maria Zalewska (Accounting Office) – Business of the first degree relative of one of T-matic Systems Ltd. Management Board's Members,
- **ADD Polska Ltd., Limited Partnership** – founders of T-matic Ltd. are the partners in the limited partnership,
- **ADD Polska Ltd.** - founders of T-matic Ltd. are the shareholders of this company while one of the members of the Management Board of T-matic Systems Ltd. is a President of the Management Board of this company.

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

Period / Entity	Sales	Purchase	Receivables	Liabilities
2011				
ADD Polska Ltd., Limited Partnership	0	2 276	65	11
OBP Incentive		182		
Zakład Doświadczalny Instytutu Zootechniki MEŁNO		33		4
Prof. Marek Wierzbowski i Partnerzy	14	44	17	
Inforsys S.A.	768	172	827	
TOTAL	782	2 707	909	15
2010				
DocuSoft Ltd.	0	235	0	0
Inforsys S.A.	896	29	986	
OBP Incentive		224		
Zakład Doświadczalny Instytutu Zootechniki MEŁNO		31		4
KOMA GPS M. Komorowski		22		
eSaldo J.M. Zalewska		83		9
Bluetech Civil Law Partnership		35		16
ADD Polska Ltd.			1	
ADD Polska Ltd., Limited Partnership		1 182	1	
TOTAL	896	1 841	988	29

Changes in the structure of a Group and dominant entity

In the third quarter of 2011, there were no changes in the structure of a Capital Group.

Previously published forecasts

The Management Board of ARCUS S.A. did not publish forecasts regarding the financial results of ARCUS Capital Group and ARCUS S.A. Dominant Company for the year 2011.

Issue, redemption and repayment of debt and equity securities

During the period covered by the financial statement hereof, the operations associated with issue, redemption and repayment of debt and equity securities were not carried out.

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

In the third quarter of 2011, any court proceedings of individual or aggregate value of the subject of court dispute exceeding 10% of the Company's equity were not pending against the Company or its subsidiaries.

Granted sureties, credits, loans and guarantees

In the period between the year 2008 and 2010, ARCUS S.A. granted to its subsidiary T-matic Systems Ltd. five loans which value as at 30 September 2011 amounts to PLN 4 767 000. Mentioned loans were granted for the development of a borrower particularly in the area of Telemetry.

Interest rate of loans shall be 7.5% per annum. The following shall be the collateral of loans:

- material guarantee for the borrower's liabilities granted by the borrower's shareholder
- T-Matic Systems Ltd. through establishing a pledge (for the benefit of ARCUS S.A.) on 127 shares of a guarantor,

- registered pledge on 253 shares of T-matic Systems Ltd. not held by ARCUS S.A.,
- sola bills of a borrower,
- pledge on stocks (inventory) and claims.

In the third quarter of 2011, the Group's companies did not grant any sureties, credits, loans or guarantees which total value for a single entity would exceed 10% of the issuer's equity. In the third quarter of 2011 any of the Group's companies' loan and credit agreements were not terminated.

The interim condensed consolidated financial statement hereof was approved for publication and signed by the Management Board of a dominant entity on 13 November 2011. Together with the interim condensed consolidated financial statement hereof also the interim condensed unconsolidated (separate) financial statement is published (also approved for publication and signed by the Management Board of a dominant entity on 14 November 2011).

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Michał Czeredys – President of the Management Board

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Prepared by: Grażyna Syrczyńska – Chief Accountant

Warsaw, 14 November 2011.

VI. UNCONSOLIDATED FINANCIAL STATEMENT OF ARCUS S.A. COMPANY FOR THE THIRD QUARTER OF 2011

Condensed unconsolidated financial statement of ARCUS S.A. for the third quarter of 2011 prepared in accordance with the International Financial Reporting Standards.

Selected financial data of ARCUS S.A.

Selected Financial Data	I – III Q 2011	I – III Q 2010	2010	I – III Q 2011	I – III Q 2010	2010
	PLN THOUSAND			EUR THOUSAND		
I. Revenues from sales of products, goods and materials	77 074	114 679	193 177	19 072	28 650	48 241
II. Operating Profit (Loss)	-8 447	-1 131	1 347	-2 090	-283	336
III. Profit (Loss) Before Tax	-7 592	76	2 856	-1 879	19	713
IV. Net Profit (Loss)	-6 660	19	2 255	-1 648	5	563
V. Comprehensive income	-7 073	-294	2 031	-1 750	-73	507
VI. Net Operating Cash Flow	-36 743	4 276	23 727	-9 092	1 068	5 925
VII. Net Investment Cash Flow	-2 292	-2 102	-2 918	-567	-525	-729
VIII. Net Financial Cash Flow	1 865	641	1 087	461	160	271
IX. Change in Cash	-37 170	2 815	21 896	-9 198	703	5 468
X. Profit (loss) per share; as at 30 September 2011, 30 September 2010, 31 December 2010	-0,90	0,00	0,30	-0,22	0,00	0,08
XI. Total Assets	92 557	91 631	122 671	20 982	22 982	30 975
XII. Long-Term Liabilities	6 551	2 862	4 871	1 485	718	1 230
XIII. Short-Term Liabilities	26 131	24 146	50 852	5 924	6 056	12 840
XIV. Equity	59 875	64 623	66 948	13 573	16 208	16 905
XV. Share Capital	740	740	740	168	186	187
XVI. Shares Number (weighted average)	7 395	7 395	7 395	7 395	7 395	7 395
XIX. Book value per Share	8,10	8,74	9,05	1,84	2,19	2,29

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

- For balance sheet items – 4.4112 - National Bank's of Poland exchange rate applicable on 30 September 2011, 3.9603 - National Bank's of Poland exchange rate applicable on 31 December 2010; 3.9870 - National Bank's of Poland exchange rate applicable on 30 September 2010,

- For statement of comprehensive income items and cash flow statement items an average exchange rate – calculated as an arithmetic mean of exchange rates applicable on the last day of every month in particular period, determined by the National Bank of Poland for that day:
 - Average exchange rate between 1 January and 30 September 2011:
EUR 1 = PLN 4.0413
 - Average exchange rate between 1 January and 31 December 2010:
EUR 1 = PLN 4.0044
 - Average exchange rate between 1 January and 30 September 2010:
EUR 1 = PLN 4.0027

Statement of ARCUS S.A. financial position

PLN THOUSAND

Statement of comprehensive income	1 January 2011 – 30 September 2011	1 January 2010 – 30 September 2010	1 July 2011 – 30 September 2011	1 July 2010 – 30 September 2010
Continued business activity				
Sales revenue	77 074	114 679	26 383	36 882
Own sales cost	66 194	96 958	22 388	32 638
Gross sales profit (loss)	10 880	17 721	3 995	4 244
Other operating revenue	83	40	57	31
Sales costs	13 571	14 802	2 767	4 432
General and administrative costs	3 770	3 962	1 109	992
Other operating costs	2 069	128	32	23
Restructuring costs	0	0	0	0
Operating profit (loss)	-8 447	-1 131	144	-1 172
Financial revenue	1 179	1 238	301	378
Financial costs	324	31	322	-538
Profit (loss) before tax	-7 592	76	123	-256
Income tax	-932	57	103	-14
Continued business activity profit (loss)	-6 660	19	20	-242
Net profit (loss)	-6 660	19	20	-242
Net profit (loss) annualized	-4 424	5 876		
Profit (loss) per share				
Continued business activity:				
Ordinary	-0,90	0,00	0,00	-0,03
Diluted	-0,90	0,00	0,00	-0,03
Profit (loss) for the period	-6 660	19	20	-242
Other comprehensive income				
Financial assets available for sale	-510	-436	-513	367
Cash flow hedge	-	40	-	40
Actuarial profits (losses) due to retirement benefits				
Income tax regarding other comprehensive income	97	82	97	-71

Other net comprehensive income				
Comprehensive income for the period	-7 073	-295	-396	94
Comprehensive profit (loss) per share – ordinary, diluted	-0,96	-0,04	-0,05	-0,01

Statement of ARCUS S.A. financial position

PLN THOUSAND / NOT AUDITED

Statement of financial position	As at 30 September 2011	As at 31 December 2010	As at 30 September 2010
FIXED ASSETS			
Tangible fixed assets	2 849	1 242	1 069
Intangible Assets	373	498	460
Shares in subsidiaries	5 758	3 598	3 598
Financial assets available for sale	1 768	2 278	2 119
Long term receivables	7 168	4 984	2 666
Deferred income tax assets	3 347	1 471	1 022
	21 263	14 071	10 934
CURRENT ASSETS			
Inventory	38 001	28 186	23 024
Short term investments	5 510	5 248	4 303
Trade and other receivables	23 478	33 691	30 501
Income tax receivables (refunds)	0	0	472
Other short-term financial receivables	0		0
Financial assets – hedging instrument	0		3
Cash and its equivalents	4 305	41 475	22 394
	71 294	108 600	80 697
TOTAL ASSETS	92 557	122 671	91 631

Equity			
Share capital	740	740	74
Capital reserve from sale of shares at premium	38 024	38 024	38 024
Reserve Revaluation capital	-637	-224	-353
Retained earnings	21 748	28 408	26 172
Hedging Transactions Revaluation Capital	0	0	40

	59 875	66 948	64 623
Long-term liabilities			
Provisions for deferred income tax	1 775	939	662
Provisions for liabilities	371	1 294	433
Other long-term liabilities	4 405	2 638	1 767
	6 551	4 871	2 862
Short-term liabilities			
Trade and other liabilities	21 581	49 212	22 362
Income tax liabilities	0	266	0
Provisions for liabilities	2 071	1 374	1 650
Other financial liabilities	2 479	0	0
Accruals	0		134
	26 131	50 852	24 146
TOTAL LIABILITIES	92 557	122 671	91 631

STATEMENT OF CHANGES IN EQUITY

For the period of 1 January 2011 – 30 September 2011

(not audited)

	Core Capital	Capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total
Status as at 1 January 2011	740	38 024	28 408	-224	66 948
Net profit	0	0	-6 660	0	-6 660
Income tax adjusted financial assets available for sale	0	0	0	-413	-413
Status as at 30 September 2011	740	38 024	21 748	-637	59 875

For the period of 1 January 2011 – 30 September 2010

(not audited)

	Core Capital	Capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total
Status as at 1 January 2010	740	38 024	26 153	0	64 917
Net profit	0	0	19	0	19
Income tax adjusted financial assets available for sale	0	0	0	-353	-353
Hedging transactions valuation				40	40
Status as at 30 September 2010	740	38 024	26 172	-313	64 623

For the period of 1 January 2010 – 31 December 2010

(not audited)

	Core Capital	Capital from sale of shares at premium	Retained Earnings	Revaluation Capital	Total
Status as at 1 January 2010	740	38 024	26 153	0	64 917
Net profit	0	0	2 255	0	2 255
Income tax adjusted financial assets available for sale	0	0	0	-224	-224
Status as at 31 December 2010 (not audited)	740	38 024	28 408	-224	66 948

Cash Flow Statement

	1 January 2011 – 30 September 2011	1 January 2010 – 31 December 2010	1 January 2010 – 30 September 2010
<i>Operating Activities</i>			
Profit (Loss) before Tax	-7 592	2 856	76
Items Adjustments	-29 151	20 871	4 200
Depreciation	829	702	519
Interest Received	-1 114	-1 641	-1 148
Dividends received	-52	0	0
Profit (Loss) on Investment Activities	5	-10	-21
Change in Inventories	-9 815	-10 589	-5 427
Change in accounts receivable	12 039	14 837	18 913
Change in Liabilities and Reserves	-29 271	18 918	-7 489
Change in other Assets	0	0	0
Income Tax Paid	-266	-949	-949
Other	-1 506	-397	-198
	-36 743	23 727	4 276
<i>Investment Activities</i>			
Inflows	4	652	331
Inflows proceeding from disposal of intangible assets and tangible fixed assets	-5	10	21
Repayment of loans by related entities	9	642	310
Dividends received	52		
Outflows	-2 348	-3 570	-2 433
Outflows regarding acquisition of tangible fixed assets	-2 348	-720	-819
Loans granted to related entities	0	-2 819	0
Other outflows	0	-31	-1 614
	-2 292	-2 918	-2 102
<i>Financial Activities</i>			
Inflows	5 260	1 923	1 505
Financial leases	1 601	335	198
Interests received	1 180	1 588	1 307
Inflows from credits and loans	2 479	0	0

Outflows	-3 395	-836	-864
Acquisition of DocuSoft shares	-2 010	0	0
Payment of liabilities arising from financial leases	-897	-622	-706
Interest Paid	-338	-214	-158
Advance for the share capital increase in a subsidiary	-150	0	0
	1 865	1 087	641
Change in Cash	-37 170	21 896	2 815
Balance sheet change in cash, including:	-37 170	21 896	2 815
Cash at the period beginning	41 475	19 579	19 579
Cash at the period end	4 305	41 475	22 394

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 Michał Czeredys – President of the Management Board

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 Prepared by: Grażyna Syrczyńska – Chief Accountant

Warsaw, 14 November 2011.

