



**ARCUS S.A. MANAGEMENT BOARD'S COMMENT**  
**on the financial statement for the fourth quarter of 2010**

**Dear Customers, Investors and Business Partners,**

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

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

In the fourth quarter of 2010, ARCUS successfully pursued a strategy of key business areas development: document management systems, correspondence management systems, ICT systems integration, Telematics and Telemetry. The Company had also concluded several significant contracts with both business partners and public administration. Supplies, leasing and outsourcing of equipment were the subject of above mentioned contracts. The contract concluded with one of the Polish largest banks – BRE Bank S.A as regards the design, supply, implementation and maintenance of the integrated platform for printing, scanning, copying and faxing was the most significant contract concluded in last quarter of the previous year. The value of 60-month contract amounts to PLN 60,000,000 and covers all Bank's branches on the territory of Poland.

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

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

ARCUS Group and T-matic Systems Ltd. also offer the Telemetry Systems. The Energy Industry is one of the Polish economy's sectors interested in such solutions. The power plants in Poland are obliged to implement the automatic meter reading systems. Till the end of 2020, approximately 16,500,000 meters will have been replaced in Poland. The value of the automatic meter reading systems market between 2011 and 2020 is estimated to be equal to PLN 7-8 billion. In 2009 and 2010, T-matic Systems (a subsidiary company of ARCUS) had been intensively developing technologically advanced Telemetry solutions (solutions for the remote electricity reading). This area is very promising, though

is associated with necessity to incur significant costs. Such costs influenced T-matic Systems Company's results for the year 2010. Nevertheless, these expenses were necessary to perform the projects which should bring a profit in the first half of 2011. Investments in this area of T-matic Systems Company's business activities are financed with loans granted by ARCUS.

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

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

### **Wojciech Kruszyński**

President of the Management Board

### **Wiktor Różański**

Vice-President of the Management Board