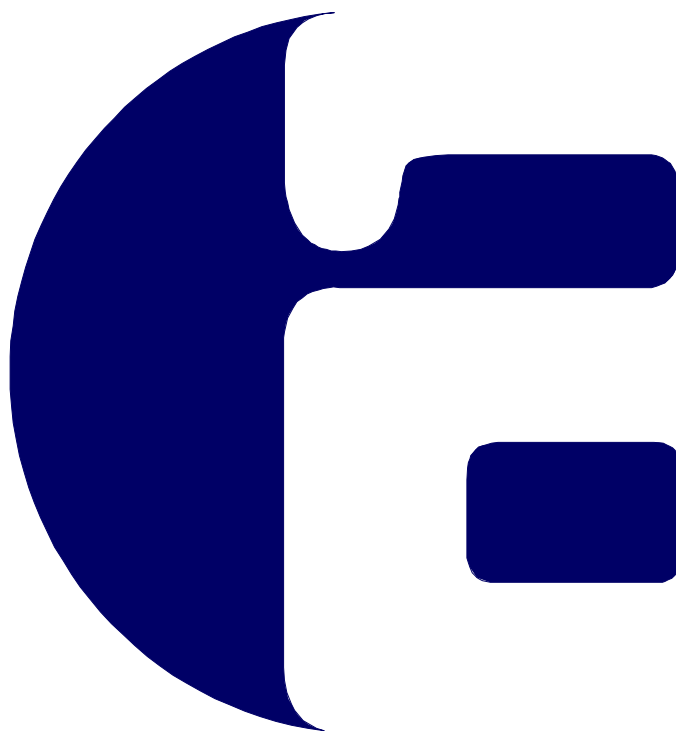


ARCUS Spółka Akcyjna

www.arcus.pl



**Consolidated interim financial statement
of Arcus S.A. Group
for the period from 1 January 2016 to 30 September 2016**

prepared in accordance with
International Financial Reporting Standards



1 Selected financial data

1.1 Data regarding the consolidated interim financial statement of ARCUS S.A. Capital Group

SELECTED FINANCIAL DATA		PLN thousand		EUR thousand	
		period from 01.01 to 30.09.2016	period from 01.01 to 30.09.2015	period from 01.01 to 30.09.2016	period from 01.01 to 30.09.2015
I	Sales revenues	73 838	137 053	16 901	32 957
II	Profit (loss) on operating activities	-1 898	-1 143	-434	-275
III	Profit (loss) before tax	-2 454	-1 731	-562	-416
IV	Net profit (loss) on consolidation	-2 175	-1 548	-498	-372
V	Profit (loss) attributable to shareholders of a dominant entity	-1 804	-1 281	-413	-308
VI	EBITDA	119	921	27	221
VII	Comprehensive income	-2 175	-1 282	-498	-308
VIII	Comprehensive income attributable to shareholders of a dominant entity	-1 804	-1 015	-413	-244
IX	Net Cash Flows from operating activities	3 669	-9 473	840	-2 278
X	Net Cash Flows from investing activities	-493	246	-113	59
XI	Net Cash Flows from financing activities	-7 085	-552	-1622	-133
XII	Change in cash	-3 805	-9 780	-871	-2 352
XIII	Net profit (loss) and diluted net profit (loss) per share attributable to shareholders of a dominant entity	-0,25	-0,18	-0,06	-0,04
		PLN thousand		EUR thousand	
		as at 30.09.2016	as at 30.09.2015	as at 30.09.2016	as at 30.09.2015
XIV	Total assets	87 032	99 102	20 184	23 381
XV	Long-term liabilities	8 201	7 682	1 902	1 812
XVI	Short-term liabilities	33 498	46 291	7 768	10 922
XVII	Equity	45 333	45 129	10 513	10 647
XVIII	Equity attributable to shareholders of a dominant entity	45 808	44 865	10 623	10 585
XIX	Share capital	732	732	170	173
XX	Weighted average number of shares	7 320 000	7 320 000	7 320 000	7 320 000
XXI	Book value and diluted book value per share attributable to shareholders of a dominant entity	6,26	6,13	1,45	1,45



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

SELECTED FINANCIAL DATA		PLN thousand		EUR thousand	
		period from 01.01 to 30.09.2016	period from 01.01 to 30.09.2015	period from 01.01 to 30.09.2016	period from 01.01 to 30.09.2015
I	Sales revenues	58 443	108 973	13 376	26 205
II	Profit (loss) on operating activities	-369	531	-84	128
III	Profit (loss) before tax	-759	169	-174	41
IV	Net profit (loss)	-615	138	-141	33
V	EBITDA	939	1 940	215	466
VI	Comprehensive income	-615	402	-141	97
VII	Net Cash Flows from operating activities	4 634	-4 841	1 061	-1 164
VIII	Net Cash Flows from investing activities	-1 269	-3 197	-290	-769
IX	Net Cash Flows from financing activities	-7 244	-722	-1 658	-174
X	Change in cash	-3 879	-8 760	-888	-2 106
XI	Net profit (loss) and diluted net profit (loss) per share	-0,08	0,02	-0,02	0,00
		PLN thousand		EUR thousand	
		as at 30.09.2016	as at 30.09.2015	as at 30.09.2016	as at 30.09.2015
XII	Total assets	101 988	98 102	23 652	23 145
XIII	Long-term liabilities	7 490	7 845	1 737	1 851
XIV	Short-term liabilities	28 264	27 033	6 555	6 378
XV	Equity	66 234	63 224	15 360	14 916
XVI	Share capital	732	732	170	173
XVII	Weighted average number of shares	7 320 000	7 320 000	7 320 000	7 320 000
XVIII	Book value and diluted book value per share	9,05	8,64	2,10	2,04

1.3 Rules applied for the purpose of financial data calculation

- The following rules have been applied in calculation of financial data in EUR:
- individual items of assets and liabilities – according to exchange rate as at:
 - 30.09.2016 – 4,3120 PLN/EUR
 - 30.09.2015 – 4,2386 PLN/EUR
- individual items of the statement of comprehensive income and the cash flow statement – according to exchange rate calculated as arithmetic mean of the exchange rates announced by the National Bank of Poland prevailing on the last day of each month:
 - for the period from 1.01.2016 to 30.09.2016 – 4,3688 PLN/EUR
 - for the period from 1.01.2015 to 30.09.2015 – 4,1585 PLN/EUR



2 Condensed consolidated financial statement of ARCUS S.A. Group

2.1 Arcus S.A. Consolidated profit and loss account and consolidated statement of comprehensive income of ARCUS S.A. Group

Profit and loss account					
	Note	01.01-30.09.2016	01.07-30.09.2016	01.01-30.09.2015	01.07-30.09.2015
Sales revenues	5.1	73 838	23 414	137 053	52 350
Costs of products, goods and materials sold	5.5	-52 596	-15 603	-111 423	-41 925
Gross profit (loss) from sales		21 242	7 811	25 630	10 425
Other operating income	5.6	1 224	158	641	85
Costs of sales	5.5	-16 588	-5 746	-19 922	-6 807
General administrative expenses	5.5	-7 651	-2 563	-7 300	-2 349
Other operating expenses	5.6	-125	-50	-192	-27
Operating income (loss)		-1 898	-390	-1 143	1 327
Financial income	5.7	92	24	340	26
Financial costs	5.7	-649	178	-928	-231
Profit (loss) before tax		-2 454	-188	-1 731	1 122
Income tax:	5.8	280	-34	183	-27
Current income tax		0	0	0	0
Deferred income tax		280	-34	183	-27
Net profit (loss)		-2 175	-222	-1 548	1 095
EBITDA		119	312	921	2 043
Net profit (loss) attributable to					0
shareholders of a dominant entity		-1 804	-108	-1 281	416
Non-controlling shares		-371	-114	-266	680
Ordinary and diluted	5.9	-0,25	-0,01	-0,18	0,06
Statement of comprehensive income					
	Note	01.01-30.09.2016	01.07-30.09.2016	01.01-30.09.2015	01.07-30.09.2015
Net profit (loss)		-2 175	-222	-1 548	1 095
Items that could be classified to the result at a future point in time:					
Financial assets available for sale			0	329	0
Deferred Tax regarding other comprehensive income			0	-63	0
Total of other comprehensive income items		0	0	266	0
Comprehensive income for the period		-2 175	-222	-1 282	1 095
Comprehensive income for the period attributable to:					
Shareholders of a dominant entity		-1 804	-108	-1 016	415
Non-controlling shares		-371,00	-114	-266,00	680
Comprehensive income for the period attributable to Shareholders of a dominant entity					
Ordinary and diluted per share		-0,25	-0,01	-0,14	0,06



2.2 Statement of financial position of ARCUS S.A. Group

Assets				
	Note	as at 30.09.2016	as at 31.12.2015	as at 30.09.2015
FIXED ASSETS				
Tangible assets	5.11	4 650	4 225	4 565
Intangible assets	5.12	6 423	6 293	5 209
Consolidation goodwill		8 930	8 930	8 930
Long-term receivables	5.13	8 172	7 760	8 660
Deferred income tax assets		8 690	8 208	8 985
Total		36 865	35 416	36 349
CURRENT ASSETS				
Inventories	5.14	16 089	12 514	17 795
Trade receivables and other receivables	5.15,5.21	33 131	49 752	42 812
Loans granted		476	622	763
Cash	5.16	471	4 380	1 383
Total		50 167	67 268	62 753
TOTAL ASSETS		87 032	102 684	99 102
Liabilities				
		PLN thousand		PLN thousand
	Note	as at 30.09.2016	as at 31.12.2015	as at 30.09.2015
Equity attributable to shareholders of a dominant entity				
Share capital	5.10	732	732	732
Share premium		37 631	37 631	37 631
Other reserves		143	143	143
Retained earnings		7 302	9 396	6 359
Total		45 808	47 902	44 865
Non-controlling shares		-475	163	264
Total Equity		45 333	48 065	45 129
Long-term liabilities				
Deferred income tax reserve		4 094	3 902	3 594
Provisions for liabilities	5.20	434	434	434
Other long-term liabilities		3 673	3 314	3 654
Total		8 201	7 650	7 682
Short-term liabilities				
Short-term loans and bank credits	5.17	3 048	9 151	7 072
Trade liabilities and other liabilities	5.19,5.21	29 662	37 229	37 989
Provisions for liabilities	5.20	788	589	1 230
Total		33 498	46 969	46 291
Other liabilities		0	0	0
TOTAL LIABILITIES		87 032	102 684	99 102



2.3 Consolidated cash flow statement of ARCUS S.A. Group

Cash flow statement	01.01-30.09.2016	01.01-30.09.2015
Cash flows from operating activities		
Profit before tax	-2 454	-1 731
Adjustments	6 122	-7 742
Depreciation and amortisation	2 015	2 063
Interests	228	254
Result on investing activities	-471	348
Change in inventories	-3 584	-3 020
Change in receivables	17 323	-9 615
Change in liabilities and reserves	-9 375	2 476
Paid/returned income tax		-248
Other	-14	0
<u>Net cash from operating activities</u>	<u>3 669</u>	<u>-9 473</u>
Cash flows from investing activities		
Inflows	1 216	2 553
Disposal of intangible and tangible fixed assets	1 021	167
Repayment of loans	195	750
Disposal of financial assets		1 636
Outflows	-1 709	-2 307
Purchases of intangible and fixed tangible assets	-1 649	-942
Loans granted	-60	-1 365
<u>Net cash from investing activities</u>	<u>-493</u>	<u>246</u>
Cash flow from financing activities		
Inflows	25	454
Credits and loans	0	409
Interests received	25	45
Outflows	-7 110	-1 007
Payment of dividend	-200	-283
Repayment of credits and loans	-6 188	-11
Financial lease payments	-463	-378
Interests paid	-259	-335
<u>Net cash from financing activities</u>	<u>-7 085</u>	<u>-553</u>
Change in cash	-3 909	-9 780
Cash at the beginning of the period	4 380	11 163
Cash at the end of the period	471	1 383



2.4 Consolidated statement of changes in ARCUS S.A. Group's equity

For the period of 1 January 2016 - 30 September 2016

PLN thousand

Equity attributable to shareholders of a dominant entity

	Share capital/reserves/ Retained earnings	Revaluation reserve	Total	Non-controlling shares	TOTAL EQUITY
As at 1 January 2016	38 506	9 396	47 902	163	48 065
Net profit	-	1 804	- 1 804	- 371	- 2 175
Comprehensive income for the period	-	1 804	- 1 804	- 371	- 2 175
Dividend in subsidiaries	-	290	- 290	- 266	- 556
As at 30 September 2016	38 506	7 302	45 808	- 474	45 333

For the period of 1 January 2015 - 30 December 2016

PLN thousand

Equity attributable to shareholders of a dominant entity

	Share capital, reserve capital, share premium	Retained earnings	Revaluation reserve	Total	Non- controlling shares	TOTAL EQUITY
As at 1 January 2015	38 506	9 757	-266	47 997	-1 022	46 975
Net profit/loss		1 756		1 756	-367	1 389
Financial assets available for sale adjusted by deferred income tax			266	266	0	266
Total of comprehensive income		1 756	266	2 022	-367	1 655
Dividend in subsidiaries		-299		-299	-266	-565
Change in equity - share capital increase in a subsidiary		-1 818		-1 818	1 818	
As at 31 December 2015	38 506	9 396	0	47 902	163	48 065

For the period of 1 January 2015 - 30 September 2015

PLN thousand

Equity attributable to shareholders of a dominant entity

	Share capital, reserve capital, share premium	Retained earnings	Revaluation reserve	Total	Non- controlling shares	TOTAL EQUITY
As at 1 January 2015	38 506	10 624	- 266	48 864	- 254	48 610
Corrections *		- 867		- 867	- 768	- 1 635
As at 1 January 2015 after correction	38 506	9 757	- 266	47 997	- 1 022	46 975
Net profit		1 281		1 281	266	1 547
Financial assets available for sale adjusted for deferred income tax			266	266		266
Comprehensive income for the period	0	- 1 281	266	- 1 015	- 266	- 1 281
Dividend in subsidiaries		-299		- 299	-266	- 565
Change in equity - share capital increase in a subsidiary		-1 818		- 1 818	1 818	-
As at 30 September 2015	38 506	6 359	-	44 865	264	45 129

* Due to the adjustment of the valuation of long-term contracts and estimating employee reserves in a subsidiary - adjustments described in the consolidated financial statements for 2015



3 Condensed separate financial statement of ARCUS S.A.

Separate financial statement of ARCUS S.A. prepared in accordance with International Financial Reporting Standards

3.1 Separate statement of ARCUS S.A. comprehensive income

<u>Profit and loss account</u>					
	<u>Note</u>	<u>01.01-30.09.2016</u>	<u>01.07-30.09.2016</u>	<u>01.01-30.09.2015</u>	<u>01.07-30.09.2015</u>
Sales revenues	8.1	58 436	18 197	108 973	37 213
Costs of products, goods and materials sold	8.3	-43 139	-12 272	-88 686	-30 284
Gross profit (loss) from sales		15 297	5 925	20 287	6 929
Other operating income	8.4	1 126	109	454	67
Costs of sales	8.3	-12 038	-4 254	-15 681	-5 480
General administrative expenses	8.3	-4 682	-1 483	-4 426	-1 414
Other operating expenses	8.4	-72	-19	-104	-10
Operating income (loss)		-369	278	530	92
Financial income	8.5	155	48	423	39
Financial costs	8.5	-545	211	-784	-147
Result on financing activities		-390	259	-361	-108
Profit (loss) before tax		-759	537	169	-16
Income tax:		144	-102	-31	4
Current income tax		0	0		0
Deferred income tax		144	-102	-31	4
Net profit (loss)		-615	435	138	-12
EBITDA		939	704,00	1 940	577
Profit (loss) per share		-0,08	0,06	0,02	-0,002
Ordinary and diluted		-0,08	0,06	0,02	-0,002
<u>Statement of comprehensive income</u>					
	<u>Note</u>	<u>01.01-30.09.2016</u>	<u>01.07-30.09.2016</u>	<u>01.01-30.09.2015</u>	<u>01.07-30.09.2015</u>
Net profit (loss) for the period		-615	435	138	-12
			0		
Items that could be classified to the result at a future point in time:					
Financial assets available for sale				329	
Deferred Tax regarding other comprehensive income			0	-65	-2
Total of other comprehensive income items		0	0	264	-2
Comprehensive income for the period		-615	435	402	-14
Comprehensive income (loss) per share		-0,08	0,06	0,05	-0,002
Ordinary and diluted		-0,08	0,06	0,05	-0,002



3.2 Interim separate statement of ARCUS S.A. financial position

<u>Assets</u>				
	<u>Note</u>	<u>As at 30.09.2016</u>	<u>As at 31.12.2015</u>	<u>As at 30.09.2015</u>
FIXED ASSETS				
Tangible assets		3 816	3 304	3 597
Intangible assets		3 502	3 181	1 934
Participating interests in subordinated entities		19 585	19 585	19 745
Loans granted	8.8	4 386	5 674	0
Financial assets available for sale		0	0	0
Financial assets held to maturity	8.9	15 094	12 000	0
Long-term receivables		8 003	7 384	8 213
Deferred income tax assets		4 259	3 827	4 837
Total		<u>58 645</u>	<u>54 955</u>	<u>38 326</u>
CURRENT ASSETS				
Inventories		15 597	12 018	15 821
Loans granted	8.8	425	558	5 657
Trade receivables and other receivables		27 023	40 416	25 153
Financial assets held to maturity	8.9	0	0	12 000
Cash		298	4 177	1 145
Total		<u>43 343</u>	<u>57 169</u>	<u>59 776</u>
TOTAL ASSETS		101 988	112 124	98 102
<u>Liabilities</u>				
Equity				
Share capital	8.7	732	732	732
Share premium		38 024	38 024	38 024
Revaluation reserve		0	0	0
Retained earnings		27 478	28 093	24 468
Total		<u>66 234</u>	<u>66 849</u>	<u>63 224</u>
Long-term liabilities				
Deferred income tax reserve		3 547	3 260	3 195
Provisions for liabilities		429	429	429
Other long-term liabilities		3 514	3 859	4 221
Total		<u>7 490</u>	<u>7 548</u>	<u>7 845</u>
Short-term liabilities				
Trade liabilities and other liabilities		25 635	28 387	20 230
Other financial liabilities - credits	8.10	2 394	9 105	6 425
Provisions for liabilities		235	235	378
Total		<u>28 264</u>	<u>37 727</u>	<u>27 033</u>
TOTAL LIABILITIES		101 988	112 124	98 102



3.3 . Interim statement of changes in ARCUS S.A. equity

For the period of 1 January 2016 - 30 September 2016

	Share capital	Share premium	Retained earnings	Revaluation reserve	Total
As at 1 January 2016	732	38 024	28 093	0	66 849
Net profit			-615		-615
Comprehensive income for the period	0	0	-615	0	-615
As at 30 September 2016	732	38 024	27 478	0	66 234

For the period of 1 January 2015 - 31 December 2015

	Share capital	Share premium	Retained earnings	Revaluation reserve	Total
As at 1 January 2015	732	38 024	24 329	-267	62 818
Profit/loss for the period			3 763		3 763
Financial assets available for sale adjusted by deferred income tax - disposal of shares				267	267
Total of comprehensive income			3 763	267	4 030
As at 31 December 2015	732	38 024	28 093	0	66 849

For the period of 1 January 2015 - 30 September 2015

	Share capital	Share premium	Retained earnings	Revaluation reserve	TOTAL
As at 1 January 2015	732	38 024	24 329	-267	62 818
Net profit			138		138
Financial assets available for sale adjusted by deferred income tax - disposal of shares				267	267
Total of comprehensive income	0	0	138	267	405
As at 31 September 2015	732	38 024	24 468	0	63 224



3.4 Interim separate statement of ARCUS S.A. cash flows

Statement of cash flows

	01.01-30.09.2015	01.01-30.09.2015
Cash flows from operating activities		
Profit before tax	-759	170
Adjustments	5 393	-5 010
Depreciation and amortisation	1 308	1 409
Interests	97	44
Result on investing activities	-512	355
Change in inventories	-3 579	-2 172
Change in receivables	12 186	3 273
Change in liabilities and reserves	-4 107	-7 919
<u>Total</u>	<u>4 634</u>	<u>-4 840</u>
Cash flows from investing activities		
Inflows	1 214	2 789
Disposal of intangible and tangible fixed assets	1 019	161
Disposal of financial assets (shares of TAURON)	0	1 636
Repayment of loans	195	992
Outflows	-2 483	-5 987
Purchases of intangible and fixed tangible assets	-1 308	-462
Loans granted	-1 175	-2 402
Acquisition of shares/ share capital increase in a subsidiary	0	-3 123
<u>Total</u>	<u>-1 269</u>	<u>-3 198</u>
Cash flow from financing activities		
Inflows	15	54
Interests received	15	54
Outflows	-7 259	-776
Repayment of loans and credits	-6 710	-249
Financial lease payments	-331	-222
Interests paid	-218	-305
<u>Total</u>	<u>-7 244</u>	<u>-722</u>
Change in cash	-3 879	-8 760
Cash at the beginning of the period	4 177	9 905
Cash at the end of the period	298	1 145