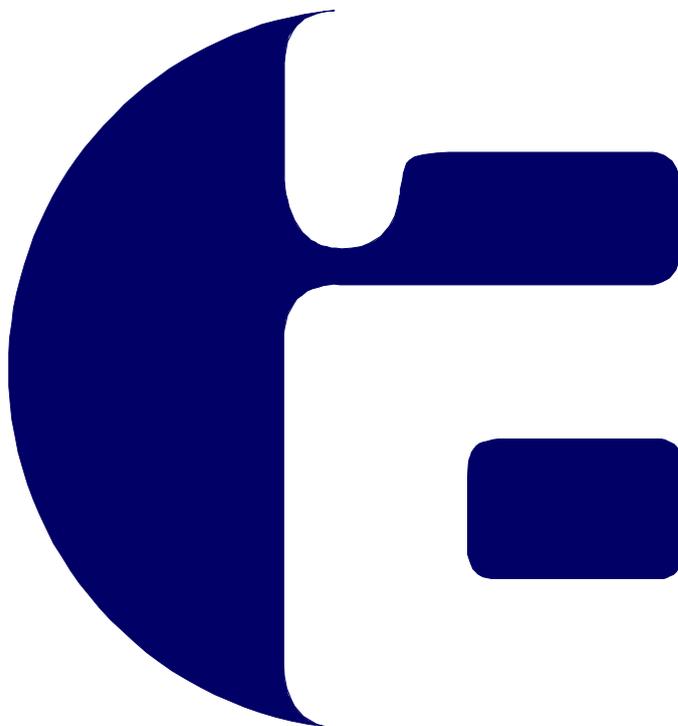


ARCUS Spółka Akcyjna

www.arcus.pl



Consolidated interim report
of ARCUS S.A.
for the period from 1 January to 30 September 2017

Prepared in accordance with the International Financial Reporting
Standards.



1 Selected financial data

1.1 Data referring to the interim consolidated financial statement of ARCUS Group

SELECTED FINANCIAL DATA	PLN THOUSAND		EUR THOUSAND	
	01.01 - 30.09.2017	01.01 - 30.09.2016	01.01 - 30.09.2017	01.01 - 30.09.2016
I Sales revenues	82 027	73 838	19 270	16 901
II Profit (loss) on operating activities	-4 801	-1 898	-1 128	-434
III Profit (loss) before tax	-4 874	-2 454	-1 145	-562
IV Net profit (loss) on consolidation	-4 298	-2 175	-1 010	-498
V Profit (loss) attributable to shareholders of a dominant entity	-3 019	-1 804	-709	-413
VI EBITDA	-2 422	119	-569	27
VII Comprehensive income	-4 298	-2 175	-1 010	-498
VIII Comprehensive income attributable to shareholders of a dominant entity	-3 019	-1 804	-709	-413
IX Net Cash Flows from operating activities	-266	3 669	-62	840
X Net Cash Flows from investing activities	-1 130	-493	-265	-113
XI Net Cash Flows from financing activities	1 044	-7 085	245	-1 622
XII Change in cash	-577	-3 805	-136	-871
XIII Net profit (loss) and diluted net profit (loss) per share attributable to shareholders of a dominant entity (PLN/EUR per share)	-0,41	-0,25	-0,1	-0,06

	PLN THOUSAND		EUR THOUSAND	
	as of 30.09.2017	as of 30.09.2016	as of 30.09.2017	as of 30.09.2016
XIV Total assets	95 569	87 032	22 178	20 184
XV Long-term liabilities	6 209	8 201	1 441	1 902
XVI Short-term liabilities	47 098	33 498	10 930	7 768
XVII Equity	42 262	45 333	9 808	10 513
XVIII Equity attributable to shareholders of a dominant entity	39 930	45 808	9 127	10 626
XIX Share capital	732	732	170	170
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 (PLN/EUR per share)	5,37	6,26	1,25	1,45



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

SELECTED FINANCIAL DATA	PLN THOUSAND		EUR THOUSAND	
	01.01 - 30.09.2017	01.01 - 30.09.2017	01.01 - 30.09.2017	01.01 - 30.09.2017
I Sales revenues	65 302	58 443	15 341	13 376
II Profit (loss) on operating activities	-1 436	-369	-337	-84
III Profit (loss) before tax	-1 290	-759	-303	-174
IV Net profit (loss)	-1 045	-615	-245	-141
V EBITDA	-129	939	-245	215
VI Comprehensive income	-1 045	-615	-245	-141
VII Net Cash Flows from operating activities	918	4 634	216	1 061
VIII Net Cash Flows from investing activities	-3 364	-1269	-790	-290
IX Net Cash Flows from financing activities	2 255	-7 244	530	-1 658
X Change in cash	-192	-3 879	-45	-888
XI Net profit (loss) and diluted net profit (loss) per share	-0,14	-0,08	-0,03	-0,02

	PLN THOUSAND		EUR THOUSAND	
	as of 30.09.2017	as of 30.09.2016	as of 30.09.2017	as of 30.09.2016
XII Total assets	106 782	101 988	24 780	23 652
XIII Long-term liabilities	5 121	7 490	1 188	1 737
XIV Short-term liabilities	39 197	28 264	9 096	6 555
XV Equity	62 463	66 234	14 496	15 360
XVI Share capital	732	732	170	170
XVII Weighted average numer of shares	7 320 000	7 320 000	7 320 000	7 320 000
XVIII Book value and diluted book value per share	8,53	9,05	1,98	2,10

1.3 Method applied in calculation of financial data

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:
 - 30.09.2017 – 4,3091 PLN/EUR;
 - 30.09.2016 – 4,3120 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 1.01.2017 to 30.09.2017 – 4,2566 PLN/EUR;
 - for the period from 1.01.2016 to 30.09.2016 – 4,3688 PLN/EUR.



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

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

Profit and loss account

	Note	01.01-30.09.2017	01.07-30.09.2017	01.01-30.09.2016	01.07-30.09.2016
Sales revenues	5.1	82 027	25 614	73 838	23 414
Costs of products, goods and materials sold	5.5	-62 063	-20 702	-52 596	-15 603
Gross profit (loss) from sales		19 964	4 912	21 242	7 811
Other operating income	5.6	597	171	1 224	158
Costs of sales	5.5	-16 338	-4 037	-16 588	-5 746
General administrative expenses	5.5	-8 672	-3 030	-7 651	-2 563
Other operating expenses	5.6	-352	-35	-125	-50
Operating income (loss)		-4 801	-2 019	-1 898	-390
Financial income	5.7	148	-529	92	24
Financial costs	5.7	-221	-33	-649	178
Profit (loss) before tax		-4 874	-2 581	-2 455	-188
Income tax:	5.8	577	219	280	-34
Deferred income tax		577	219	280	-34
Net profit (loss)		-4 297	-2 362	-2 175	-222
EBITDA		-2 422	-1 173	119	312
Net profit (loss) attributable to					
shareholders of a dominant entity		-3 019	-1 784	-1 804	-108
Non-controlling shares		-1 278	-578	-371	-114
Annualized net profit (loss)					
Ordinary and diluted		-0,41	-0,24	-0,25	-0,02
Statement of comprehensive income					
	Note	01.01-30.09.2017	01.07-30.09.2017	01.01-30.09.2016	01.07-30.09.2016
Net profit (loss)		-4 297	-2 362	-2 175	-222
Total of other comprehensive income		0	0	0	0
Comprehensive income for the period		-4 297	-2 362	-2 175	-222
Comprehensive income for the period attributable to:					
Shareholders of a dominant entity		-3 019	-1 784	-1 804	-108
Non-controlling shares		-1 278,00	-578	-371	-114
Comprehensive income attributable to the shareholders of a dominant entity (in PLN per share)					
Ordinary and diluted (in PLN per share)		-0,41		-0,25	



2.2 Consolidated statement of financial position of ARCUS S.A. Group (consolidated balance sheet)

Balance sheet				
	Note	as of 30.09.2017	as of 31.12.2016	as of 30.09.2016
FIXED ASSETS				
Tangible assets	5.11	3 700	4 348	4 650
Intangible assets	5.12	7 093	7 348	6 423
Goodwill on consolidation		13 808	13 808	8 930
Long-term receivables	5.13	6 048	7 681	8 172
Deferred income tax assets		8 364	7 743	8 690
<u>Total</u>		<u>39 013</u>	<u>40 928</u>	<u>36 865</u>
CURRENT ASSETS				
Inventories	5.14	19 330	9 964	16 089
Trade receivables and other receivables	5.15	36 052	49 667	33 131
Loans granted		447	476	476
Cash	15.16	728	1 079	471
<u>Total</u>		<u>56 557</u>	<u>61 186</u>	<u>50 167</u>
TOTAL ASSETS		95 570	102 114	87 032
<u>Liabilities</u>				
	Note	as of 30.09.2017	as of 31.12.2016	stan na 30.09.2016
Equity attributable to the shareholders of a dominant entity				
Share capital	5.10	732	732	732
Share premium		37 631	37 631	37 631
Revaluation reserve		0	0	0
Other reserves		143	143	143
Retained earnings		824	4 134	7 302
<u>Total</u>		<u>39 330</u>	<u>42 640</u>	<u>45 808</u>
Non-controlling shares		2 932	4 476	-475
<u>Total equity</u>		<u>42 262</u>	<u>47 116</u>	<u>45 333</u>
Long-term liabilities				
Deferred income tax reserve		4 455	4 528	4 094
Provisions for liabilities	5.20	434	434	434
Other long-term liabilities		1 320	3 242	3 673
<u>Total</u>		<u>6 209</u>	<u>8 204</u>	<u>8 201</u>
Short-term liabilities	5.19			
Short-term loans and bank borrowings	5.17	6 582	4 291	3 048
Trade liabilities and other liabilities	5.19	39 729	41 812	29 662
Provisions for liabilities	5.20	788	691	788
<u>Total</u>		<u>47 099</u>	<u>46 794</u>	<u>33 498</u>
LIABILITIES, TOTAL		95 570	102 114	87 032



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

Statement of cash flows

	<u>01.01-30.09.2017</u>	<u>01.01-30.09.2016</u>
Cash flows from operating activities		
Profit before tax	-4 875	-2 454
Adjustments	4 609	6 122
Depreciation and amortization	2 378	2 015
Interests received	137	228
Result on investing activities	-82	-471
Change in inventories	-9 245	-3 584
Change in receivables	15 425	17 323
Change in liabilities and reserves	-4 004	-9 375
Other		-14
<u>Net cash from operating activities</u>	<u>-266</u>	<u>3 668</u>
Cash flows from investing activities		
Inflows	610	1 216
Disposal of intangible and tangible fixed assets	210	1 021
Repayment of loans	200	195
Other	200	
Outflows	-1 740	-1 709
Purchases of intangible and fixed tangible assets	-1 540	-1 649
Loans granted	-200	-60
<u>Net cash from investing activities</u>	<u>-1 130</u>	<u>-493</u>
Cash flow from financing activities		
Inflows	<u>2 298</u>	<u>26</u>
Proceeds from loans and borrowings	2 292	
Interests	6	26
Outflows	-1 253	-7 110
Dividends and other payouts to owners	-150	-200
Repayment of loans and borrowings	-430	-6 188
Financial lease payments	-517	-463
Interests paid	-156	-259
<u>Net cash from financing activities</u>	<u>1 045</u>	<u>-7 084</u>
Change in cash	-351	-3 909
Cash at the beginning of the period	1 079	4 380
Cash at the end of the period	728	471



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

For the period of 1 January 2017 - 30 September 2017

	<i>Equity attributable to the shareholders of a dominant entity</i>						
	Share capital, supplementary capital and share premium	Retained earnings	Revaluation reserve	Own shares	Total	Non-controlling shareholders' equity	TOTAL EQUITY
As of 1 January 2017	38 506	4 134			42 640	4 477	47 117
Net profit		- 3 019			- 3 019	- 1 278	- 4 297
Total income for the period		- 3 019			- 3 019	- 1 278	- 4 297
Dividend in subsidiaries		- 290			- 290	- 267	- 557
As of 30 September 2017	38 506	825			39 331	2 932	42 263

For the period of 1 January – 31 December 2017

	<i>Equity attributable to the shareholders of a dominant entity</i>						
	Share capital, supplementary capital and share premium	Retained earnings	Revaluation reserve	Own shares	Total	Non-controlling shareholders' equity	TOTAL EQUITY
As of 1 January 2016	38 506	9 396			47 902	163	48 065
Net profit (loss)		-5 220			-5 220	-292	-5 512
Available for sale financial assets adjusted for deferred tax							
Comprehensive income - total		-5 220			-5 220	-292	-5 512
Dividend in subsidiary undertakings		-290			-290	-266	-556
In-kind contribution of an organized part of an enterprise						5 050	5 050
Change in equity – share capital increase in a subsidiary undertakings		248			248	-178	70
As of 31 December 2016	38 506	4 134			42 640	4 477	47 117

For the period of 1 January 2016 - 30 September 2016

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	<i>Equity attributable to the shareholders of a dominant entity</i>						
	Share capital, supplementary capital and share premium	Retained earnings	Revaluation reserve	Own shares	Total	Non-controlling shareholders' equity	TOTAL EQUITY
As of 1 January 2016	38 506	9 396			47 902	163	48 065
Net profit (loss)		- 1 804			- 1 804	- 371	- 2 175
Comprehensive income - total		- 1 804			- 1 804	- 371	- 2 175
Dividend in subsidiary undertakings		- 290			- 290	- 266	- 556
As of 30 September 2016	38 506	7 302			45 808	- 474	45 333



3 Condensed separate financial statement of ARCUS S.A.

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

3.1. Separate statement of ARCUS S.A. comprehensive income

Profit and loss account					
	Note	01.01-30.09.2017	01.07-30.09.2017	01.01-30.09.2016	01.07-30.09.2016
Sales revenues	8.1	65 302	20 485	58 436	18 197
Costs of products, goods and materials sold	8.3	-48 507	-16 092	-43 139	-12 272
Gross profit (loss) from sales		16 795	4 393	15 297	5 925
Other operating income	8.4	339	125	1 126	109
Costs of sales	8.3	-12 875	-2 984	-12 038	-4 254
General administrative expenses	8.3	-5 485	-2 077	-4 682	-1 483
Other operating expenses	8.4	-210	-16	-72	-19
Operating income (loss)		-1 436	-559	-369	278
Financial income	8.5	218	-468	155	48
Financial costs	8.5	-72	-29	-545	211
Result on financing activities		146	-497	-390	259
Profit (loss) before tax		-1 290	-1 056	-759	537
Income tax:		245	200	144	-102
Current income tax					
Deferred income tax		245	200	144	-102
Net profit (loss)		-1 045	-856	-615	435
EBITDA		-129	-100	939	704
Profit (loss) per share		-0,14	-0,11	-0,08	
Ordinary and diluted		-0,14		-0,08	
Statement of comprehensive income					
	Note				
Net profit (loss) for the period		-1 045	-856	-615	435
Total of other comprehensive income items					
Comprehensive income for the period		-1 045	-856	-615	435
Comprehensive income (loss) per share		-0,14	-0,12	-0,08	0,06
Ordinary and diluted		-0,14		-0,08	



3.2. Interim separate statement of ARCUS S.A. financial position (balance sheet)

Assets				
	Note	As of 30.09.2017	As of 31.12.2016	As of 30.09.2016
FIXED ASSETS				
Tangible assets		2 388	3 205	3 816
Intangible assets		4 510	4 199	3 502
Participating interests in subordinated entities		19 495	19 495	19 585
Loans granted	8.8	6 278	5 167	4 386
Financial assets held to maturity	8.9	15 094	15 094	15 094
Long-term receivables		5 966	7 515	8 003
Deferred income tax assets		5 256	5 011	4 258
<u>Total</u>		<u>58 987</u>	<u>59 686</u>	<u>58 645</u>
CURRENT ASSETS				
Inventories		18 415	9 350	15 597
Loans granted	8.8	447	430	425
Trade receivables and other receivables		28 593	41 172	27 023
Cash		339	531	298
<u>Total</u>		<u>47 794</u>	<u>51 483</u>	<u>43 343</u>
TOTAL ASSETS		106 781	111 169	101 988
Liabilities				
	Note	As of 30.09.2017	As of 31.12.2016	As of 30.09.2016
Equity				
Share capital	8.7	732	732	732
Share premium		38 024	38 024	38 024
Revaluation reserve				
Retained earnings		23 707	24 751	27 478
<u>Total</u>		<u>62 463</u>	<u>63 507</u>	<u>66 234</u>
Long-term liabilities				
Deferred income tax reserve		3 714	3 714	3 546
Provisions for liabilities		429	429	429
Other long-term liabilities		978	2 806	3 514
<u>Total</u>		<u>5 121</u>	<u>6 949</u>	<u>7 489</u>
Short-term liabilities				
Trade liabilities and other liabilities		33 609	37 770	25 635
Other financial liabilities – bank borrowings	8.10	5 353	2 707	2 395
Provisions for liabilities		235	235	235
<u>Total</u>		<u>39 197</u>	<u>40 713</u>	<u>28 265</u>
LIABILITIES TOTAL		106 781	111 169	101 988



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

For the period of 1 January 2017 - 30 September 2017

	Share capital	Share premium	Retained profit	Revaluati-on reserve	Own Shares purchased for the purpose of redemption	TOTAL
As of 1 January 2017	732	38 024	24 751			63 507
Net profit			-1 045			-1 045
Available for sale financial assets adjusted for deferred tax						
Comprehensive income for the period			-1 045			-1 045
As of 30 September 2017	732	38 024	23 706			62 463

For the period of 1 January 2016 - 31 December 2016

	Share capital	Share premium	Retained profit	Revaluati-on reserve	Own Shares purchased for the purpose of redemption	TOTAL
As of 1 January 2016	732	38 024	28 092			66 849
Net profit (loss) for the period			-3 341			-3 341
Available for sale financial assets adjusted for deferred tax						
Comprehensive income for the period			-3 341			-3 341
Dividend						
As of 31 December 2016	732	38 024	24 751			63 507

For the period of 1 January 2016 - 30 September 2016

	Share capital	Share premium	Retained profit	Revaluati-on reserve	Own Shares purchased for the purpose of redemption	TOTAL
As of 1 January 2016	732	38 024	28 092	1		66 849
Net profit			-615			-615
Comprehensive income for the period			-615			-615
As of 30 September 2016	732	38 024	27 478	1		66 234



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

Statement of cash flows

	<u>01.01-30.09.2017</u>	<u>01.01-30.09.2016</u>
Cash flows from operating activities		
Profit before tax	-1 290	-759
Adjustments	757	5 393
Depreciation and amortisation	1 306	1 308
Interests	-41	97
Result on investing activities	88	-512
Change in inventories	-9 065	-3 579
Change in receivables	14 135	12 186
Change in liabilities and reserves	-5 666	-4 107
<u>Total</u>	<u>-533</u>	<u>4 634</u>
Cash flows from investing activities		
Inflows	702	1 214
Disposal of intangible and tangible fixed assets	202	1 019
Repayment of loans	500	195
Outflows	-2 616	-2 483
Purchases of intangible and fixed tangible assets	-1 091	-1 308
Loans granted	-1 525	
<u>Total</u>	<u>-1 914</u>	<u>-1 175</u>
Cash flow from financing activities		
Inflows	2 649	15
Bank borrowings	2 646	-
Interests received	3	15
Outflows	-394	-7 259
Repayment of borrowings and loans		-6 710
Finance lease payments	-322	-331
Interests paid	-72	-218
<u>Total</u>	<u>2 255</u>	<u>-7 244</u>
Change in cash	-192	-3 879
Cash at the beginning of the period	531	4 177
Cash at the end of the period	339	298