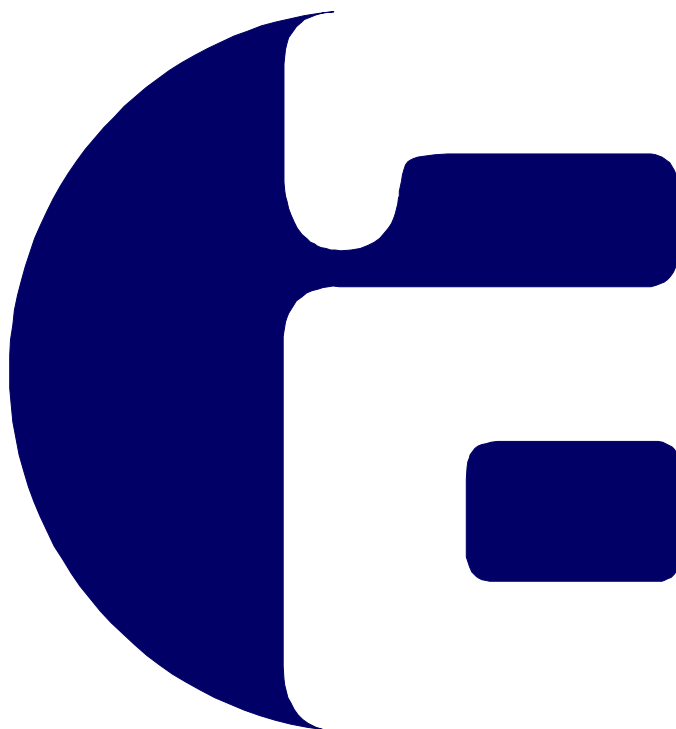


ARCUS Spółka Akcyjna

www.arcus.pl



Consolidated interim report

of Arcus S.A.

for the period of 1 January 2016 - 31 March 2016

prepared in accordance with
the International Financial Reporting Standards



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1 Selected financial data

1.1 Data regarding the interim financial statement of ARCUS Capital Group

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

SELECTED FINANCIAL DATA		PLN THOUSAND		EUR THOUSAND	
		for the period of 01.01 - 31.03.2016	for the period of 01.01 - 31.03.2015	for the period of 01.01 - 31.03.2016	for the period of 01.01 - 31.03.2015
I	Sales revenues	23 535	38 294	5 403	9 230
II	Profit (loss) on operating activities	-1 690	-2 452	-388	-591
III	Profit (loss) before tax	-2 066	-2 367	-474	-571
IV	Net profit (loss) on consolidation	-1 620	-2 009	-372	-484
V	Profit (loss) attributable to shareholders of a dominant entity	-1 582	-1 599	-363	-385
VI	EBITDA	-1 040	-1 852	-239	-446
VII	Comprehensive income	-1 620	-1 870	-372	-451
VIII	Comprehensive income attributable to shareholders of a dominant entity	-1 582	-1 460	-363	-352
IX	Net Cash Flows from operating activities	-2 077	-1 418	-471	-342
X	Net Cash Flows from investing activities	-694	-164	-159	-40
XI	Net Cash Flows from financing activities	-1 381	1 615	-317	389
XII	Change in cash	-4 152	33	-953	8
XIII	Net profit (loss) and diluted net profit (loss) per share attributable to shareholders of a dominant entity	-0,22	-0,22	-0,05	-0,05
		PLN THOUSAND		EUR THOUSAND	
		as at 31.03.2016	as at 31.03.2015	as at 31.03.2016	as at 31.03.2015
XIV	Total assets	83 376	98 877	19 533	24 181
XV	Long-term liabilities	7 716	16 364	1 808	4 002
XVI	Short-term liabilities	29 215	35 774	6 844	8 749
XVII	Equity	46 445	46 739	10 881	11 430
XVIII	Equity attributable to shareholders of a dominant entity	46 320	47 403	10 852	11 593
XIX	Share capital	732	732	171	172
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	6,33	6,48	1,48	1,58



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

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

SELECTED FINANCIAL DATA	PLN THOUSAND		EUR THOUSAND	
	for the period of 01.01 - 31.03.2016	for the period of 01.01 - 31.03.2015	for the period of 01.01 - 31.03.2016	for the period of 01.01 - 31.03.2015
I Sales revenues	18 695	29 181	4 292	7 991
II Profit (loss) on operating activities	-1 542	-1 432	-354	-184
III Profit (loss) before tax	-1 861	-1 287	-427	-187
IV Net profit (loss)	-1 507	-1 043	-346	-171
V EBITDA	-1 117	-981	-256	-53
VI Comprehensive income	-1 507	-904	-346	-112
VII Net Cash Flows from operating activities	-1 549	-808	-356	796
VIII Net Cash Flows from investing activities	-642	-274	-147	-514
IX Net Cash Flows from financing activities	-1 890	698	-434	189
X Change in cash	-4 080	-384	-937	471
XI Net profit (loss) and diluted net profit (loss) per share	-0,21	-0,14	-0,05	-0,02

	PLN THOUSAND		EUR THOUSAND	
	as at 31.03.2016	as at 31.03.2015	as at 31.03.2016	as at 31.03.2015
XII Total assets	98 568	109 551	23 092	24 947
XIII Long-term liabilities	7 820	16 605	1 832	1 280
XIV Short-term liabilities	25 406	31 032	5 952	7 753
XV Equity	65 342	61 914	15 308	15 914
XVI Share capital	732	732	171	177
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	8,93	8,46	2,09	2,15

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:

- 31.03.2016 – 4,2684 PLN/EUR
- 31.03.2015 – 4,0890 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 of 1 January 2016 – 31 March 2016 – 4,3559 PLN/EUR
- for the period of 1 January 2015 – 31 March 2015 – 4,1489 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	01.01-31.03.2016	01.01-31.03.2015
Sales revenues	23 535	38 294
Costs of products, goods and materials sold	-16 942	-32 269
Gross profit (loss) from sales	6 593	6 025
Other operating income	101	394
Costs of sales	-6 023	-6 538
General administrative expenses	-2 344	-2 238
Other operating expenses	-17	-95
Operating income (loss)	-1 690	-2 452
Financial income	69	517
Financial costs	-445	-432
Profit (loss) before tax	-2 066	-2 367
Income tax:	446	358
Current income tax		
Deferred income tax	446	358
Net profit (loss)	-1 620	-2 009
EBITDA	-1 040	-1 852
Net profit (loss) attributable to		
shareholders of a dominant entity	-1 582	-1 599
Non-controlling shares	-38	-410
Net profit (loss) - annualized	1 778	-12 650
Ordinary and diluted	-0,22	-0,22
Statement of comprehensive income		
	01.01-31.03.2016	01.01-31.03.2015
Net profit (loss) for the period	-1 620	-2 009
Items that could be classified to the result at a future point in time:		
Financial assets available for sale		170
Deferred Tax regarding other comprehensive income		-31
Total of other comprehensive income items		139
Comprehensive income for the period	-1 620	-1 870
Comprehensive income for the period attributable to:		
Shareholders of a dominant entity	-1 582	-1 460
Non-controlling shares	-38,00	-410,00



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

	as at 31.03.2016	as at 31.12.2015	as at 31.03.2015
FIXED ASSETS			
Tangible assets	4 376	4 225	4 836
Intangible assets	6 240	6 293	5 456
Consolidation goodwill	8 930	8 930	8 930
Financial assets available for sale	-	-	441
Held-to-maturity financial assets			
Long-term receivables	7 223	7 760	9 795
Deferred income tax assets	8 755	8 208	8 610
<u>Total</u>	<u>35 524</u>	<u>35 416</u>	<u>38 068</u>
CURRENT ASSETS			
Inventories	18 011	12 514	18 570
Trade receivables and other receivables	29 055	49 752	29 925
Loans granted	558	622	1 119
Cash	228	4 380	11 195
<u>Total</u>	<u>47 852</u>	<u>67 268</u>	<u>60 809</u>
TOTAL ASSETS	83 376	102 684	98 877
Liabilities			
		PLN THOUSAND	PLN THOUSAND
	as at 31.03.2016	as at 31.12.2015	as at 31.03.2015
Share capital	732	732	732
Share premium	37 631	37 631	37 631
Revaluation reserve	-	-	-128
Other reserves	143	143	143
Own shares			
Retained earnings	7 814	9 396	9 025
<u>Total</u>	<u>46 320</u>	<u>47 902</u>	<u>47 403</u>
<u>Non-controlling shares</u>	<u>125</u>	<u>163</u>	<u>-664</u>
<u>Total Equity</u>	<u>46 445</u>	<u>48 065</u>	<u>46 739</u>
Long-term liabilities			
Deferred income tax reserve	4 002	3 902	3 643
Provisions for liabilities	434	434	434
Other long-term liabilities	3 280	3 314	12 287
<u>Total</u>	<u>7 716</u>	<u>7 650</u>	<u>16 364</u>
Short-term liabilities			
Short-term loans and bank credits	7 978	9 151	978
Trade liabilities and other liabilities	20 623	37 229	33 430
Provisions for liabilities	614	589	1 366
<u>Total</u>	<u>29 215</u>	<u>46 969</u>	<u>35 774</u>
TOTAL LIABILITIES	83 376	102 684	98 877



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

	01.01- 31.03.2016	01.01- 31.03.2015
Cash flows from operating activities		
Profit before tax	-2 066	-2 367
Adjustments	-11	949
Depreciation and amortisation	650	599
Interests	87	34
Result on investing activities	-5	213
Change in inventories	-5 481	-3 794
Change in receivables	20 611	2 402
Change in liabilities and reserves	-15 877	1 495
Other	4	
Total	<u>-2 077</u>	<u>-1 418</u>
Cash flows from investing activities		
Inflows	162	1 417
Disposal of intangible and tangible fixed assets	51	259
Repayment of loans	111	0
Disposal of financial assets		1 158
Dividends received		
Interests		
Outflows	-856	-1 581
Purchases of intangible and fixed tangible assets	-796	-581
Purchases of financial assets		
Loans granted	-60	-1 000
Total	<u>-694</u>	<u>-164</u>
Cash flow from financing activities		
Inflows	<u>582</u>	<u>1 803</u>
Credits and loans	572	1 767
Interests received	10	36
Outflows	-1 962	-188
Purchase of participating interests	-	-63
Payment of dividend	-	-
Repayment of credits and loans	-1 733	-
Financial lease payments	-129	-54
Interests paid	-101	-71
Acquisition of own shares		
Total	<u>-1 381</u>	<u>1 615</u>
Change in cash	-4 152	33
Cash at the beginning of the period	4 380	11 163
Cash at the end of the period	228	11 195



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

For the period of 1 January 2016 - 31
March 2016PLN
THOUSAND

	<i>Equity attributable to shareholders of a dominant entity</i>					Non-controlling shares	Total Equity
	Share capital, reserve capital, share premium	Retained earnings	Revaluation reserve	Own shares	Total		
As at 1 January 2016	38 506	9 396	-	-	47 902	163	48 065
Profit/loss for the period	-	1 582	-	-	1 582	38	1 620
Financial assets available for sale adjusted by deferred income tax	-	-	-	-	-	-	-
Total of comprehensive income	-	-1 582	-	-	-1 582	-38	1 620
As at 31 March 2016	38 506	7 814	-	-	46 320	125	46 445

For the period of 1 January 2015 - 31
December 2015PLN
THOUSAND

	<i>Equity attributable to shareholders of a dominant entity</i>					Non-controlling shares	Total Equity
	Share capital, reserve capital, share premium	Retained earnings	Revaluation reserve	Own shares	Total		
As at 1 January 2015	38 506	9 757	-266	-	47 997	-1 022	46 975
Profit/loss for the period	-	1 756	-	-	1 756	-367	1 389
Financial assets available for sale adjusted by deferred income tax	-	-	266	-	266	-	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	-	-	47 902	163	48 065

For the period of 1 January 2015 - 31
March 2015PLN
THOUSAND

	<i>Equity attributable to shareholders of a dominant entity</i>					Non-controlling shares	Total Equity
	Share capital, reserve capital, share premium	Retained earnings	Revaluation reserve	Own shares	Total		
As at 1 January 2015	38 506	10 624	-	266	48 864	-	48 610
Profit/loss for the period	-	1 599	-	-	1 599	410	2 009
Financial assets available for sale adjusted by deferred income tax	-	-	138	-	138	-	138
Total of comprehensive income	-	-1 599	138	-	-1 461	-410	1 871
As at 31 March 2015	38 506	9 025	-	128	47 403	-	46 739



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

Profit and loss account		
	01.01-31.03.2016	01.01-31.03.2015
Sales revenues	18 695	29 181
Costs of products, goods and materials sold	-14 238	-24 214
<u>Gross profit (loss) from sales</u>	<u>4 457</u>	<u>4 967</u>
Other operating income	86	257
Costs of sales	-4 563	-5 232
General administrative expenses	-1 513	-1 345
Other operating expenses	-9	-78
<u>Operating income (loss)</u>	<u>-1 542</u>	<u>-1 431</u>
Financial income	68	533
Financial costs	-387	-389
Result on financing activities	-319	144
<u>Profit (loss) before tax</u>	<u>-1 861</u>	<u>-1 287</u>
Income tax:	354	244
Current income tax		
Deferred income tax	354	244
<u>Net profit (loss)</u>	<u>-1 507</u>	<u>-1 043</u>
EBITDA	-1 117	-981
Profit (loss) per share	-0,21	-0,14
Ordinary and diluted	-0,21	-0,14
Statement of comprehensive income		
	01.01-31.03.2016	01.01-31.03.2015
Net profit (loss) for the period	-1 507	-1 043
Items that could be classified to the result at a future point in time:		
Financial assets available for sale		170
Deferred Tax regarding other comprehensive income		-31
Total of other comprehensive income items	0	139
Comprehensive income for the period	-1 507	-904
Comprehensive income (loss) per share	-0,21	-0,12
Ordinary and diluted	-0,21	-0,12



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

Assets

	As at 31.03.2016	As at 31.12.2015	As at 31.03.2015
FIXED ASSETS			
Tangible assets	3 539	3 304	3 904
Intangible assets	3 195	3 181	2 065
Participating interests in subordinated entities	19 585	19 585	16 685
Loans granted	5 733	5 674	-
Financial assets available for sale	-	-	441
Financial assets held to maturity	12 000	12 000	2 400
Long-term receivables	6 850	7 384	9 380
Deferred income tax assets	4 529	3 827	5 142
Total	<u>55 431</u>	<u>54 955</u>	<u>40 017</u>
CURRENT ASSETS			
Inventories	17 575	12 018	18 067
Loans granted	505	558	5 369
Trade receivables and other receivables	24 960	40 416	24 377
Financial assets held to maturity	-	-	12 200
Cash	97	4 177	9 521
Total	<u>43 137</u>	<u>57 169</u>	<u>69 534</u>
TOTAL ASSETS	98 568	112 124	109 551

Liabilities

	As at 31.03.2016	As at 31.12.2015	As at 31.03.2015
Equity			
Share capital	732	732	732
Share premium	38 024	38 024	38 024
Revaluation reserve	-	-	-129
Retained earnings	26 586	28 093	23 287
Total	<u>65 342</u>	<u>66 849</u>	<u>61 914</u>
Long-term liabilities			
Deferred income tax reserve	3 607	3 260	3 196
Provisions for liabilities	429	429	429
Other financial liabilities - credits	-	-	7 462
Other long-term liabilities	3 784	3 859	5 518
Total	<u>7 820</u>	<u>7 548</u>	<u>16 605</u>
Short-term liabilities			
Trade liabilities and other liabilities	17 799	28 387	30 298
Other financial liabilities - credits	7 372	9 105	-
Income tax liabilities	-	-	-
Provisions for liabilities	235	235	734
Total	<u>25 406</u>	<u>37 727</u>	<u>31 032</u>
TOTAL LIABILITIES	98 568	112 124	109 551



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

For the period of 1 January 2016 - 31 March 2016

	Called up share capital	Share premium	Retained earnings	Revaluation reserve	Shares purchased for the purpose of redemption	Total	Called up share capital
As at 1 January 2016	732	38 024	28 093	-	-	-	66 849
Profit/loss for the period	-	-	-1 507	-	-	-	-1 507
Total of comprehensive income	-	-	-1 507	-	-	-	-1 507
As at 31 March 2016	732	38 024	26 586	-	-	-	65 342

For the period of 1 January 2015 - 31 December 2015

	Called up share capital	Share premium	Retained earnings	Revaluation reserve	Shares purchased for the purpose of redemption	Total	Called up share capital
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
Dividend	-	-	-	-	-	-	0
As at 31 December 2015	732	38 024	28 093	-	-	-	66 849

For the period of 1 January 2015 - 31 March 2015

	Called up share capital	Share premium	Retained earnings	Revaluation reserve	Shares purchased for the purpose of redemption	Total	Called up share capital
As at 1 January 2015	732	38 024	24 329	-267	-	-	62 818
Profit/loss for the period	-	-	-1 043	-	-	-	-1 043
Financial assets available for sale - adjusted by deferred income tax	-	-	-	139	-	-	139
Total of comprehensive income	-	-	-1 043	139	-	-	-904
As at 31 March 2015	732	38 024	23 286	-128	-	-	61 914

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

Statement of cash flows

	01.01-31.03.2016	01.01-31.03.2015
Cash flows from operating activities		
Profit before tax	-1 861	-1 287
Adjustments	311	479
Depreciation and amortisation	425	451
Interests	49	-31
Dividends received	-	-
Result on investing activities	-12	219
Change in inventories	-5 557	-4 418
Change in receivables	15 989	272
Change in liabilities and reserves	-10 583	3 986
Paid income tax	-	-



Other	-	-
Total	<u>-1 550</u>	<u>-808</u>
Cash flows from investing activities		
Inflows	160	1 411
Disposal of intangible and tangible fixed assets	49	253
Disposal of financial assets (shares of TAURON)	-	1 158
Repayment of loans	111	-
Dividends received	-	-
Outflows	-800	-1 684
Purchases of intangible and fixed tangible assets	-710	-424
Loans granted	-90	-1 260
Other	-	-
Total	<u>-640</u>	<u>-273</u>
Cash flow from financing activities		
Inflows	9	821
Credits	-	788
Interests received	9	33
Outflows	-1 899	-124
Purchase of participating interests	-	-63
Payment of dividend	-	-
Share capital increase in associated entity		
Purchase of own shares		
Repayment of credits and loans	-1 733	-
Financial lease payments	-80	-
Interests paid	-86	-61
Total	<u>-1 890</u>	<u>697</u>
Change in cash	-4 080	-384
Cash at the beginning of the period	4 177	9 905
Cash at the end of the period	97	9 521