

FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report Qsr **2 / 2007**

quarter / year

(pursuant to §86 sec.2 and §87 sec. 1 of the Regulation issued by the Minister of Finance on 19 Oct. 2005 - Journal of Laws No. 209 Item 1744) for issuers of securities managing production, construction, trade or services activities

for 2 quarter of financial year 2007 from 2007-01-01 to 2007-06-30
including consolidated financial statement according to International Financial Reporting Standards (IFRS)
in currency PLN
and summary of financial statement according to Act on Accounting (Journal of Laws 02.76.694).
in currency PLN
date of publication 2007-08-14

COMARCH SA <small>(full name of issuer)</small>	
COMARCH <small>(abbreviated name of issuer)</small>	Information Technology (IT) <small>(sector according to WSE classification)</small>
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SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	Q1-Q2 2007	Q1-Q2 2006	Q1-Q2 2007	Q1-Q2 2006
data related to the consolidated financial statement				
I. Net revenues from sales	270,409	186,824	70,261	47,901
II. Operating profit (loss)	19,258	19,233	5,004	4,931
III. Profit before income tax	20,983	27,138	5,452	6,958
IV. Net profit attributable to shareholders	17,699	23,142	4,599	5,934
V. Cash flows from operating activities	9,236	-31,527	2,400	-8,083
VI. Cash flows from investing activities	-37,741	-2,188	-9,806	-561
VII. Cash flows from financing activities	18,257	-3,144	4,744	-806
VIII. Total net cash flows	-10,248	-36,859	-2,663	-9,451
IX. Equity attributable to shareholders	260,998	242,403	69,307	59,950
X. Number of shares	7,960,596	7,518,770	7,960,596	7,518,770
XI. Earnings per single share (PLN/EURO)	2.30	3.18	0.60	0.82
data related to the financial statement				
XII. Net revenues from sales of products, goods and materials	246,282	175,024	63,992	44,876
XIII. Profit (loss) on operating activities	15,316	20,349	3,980	5,217
XIV. Gross profit (loss)	13,620	26,022	3,539	6,672
XV. Net profit (loss)	13,967	24,825	3,629	6,365
XVI. Cash flows from operating activities	10,132	-28,470	2,633	-7,300
XVII. Cash flows from investing activities	-37,231	-2,202	-9,674	-565
XVIII. Cash flows from financing activities	17,620	-3,144	4,578	-806
XIX. Total net cash flow	-9,479	-33,816	-2,463	-8,670
XX. Equity	253,099	221,066	2,113,919	1,859,517
XXI. Number of shares	7,960,596	7,518,770	7,960,596	7,518,770
XXII. Earnings (losses) per single share (PLN/EURO)	4.16	6.70	1.08	1.72

Euro exchange rates used for calculation of the selected financial data:

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2007 to 30.06.2007 – 3.8486;
- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2006 to 30.06.2006 – 3.9002;

The balance sheet items were presented based on NBP average exchange rates as of the end of the period:

- 30.06.2007: 3.7658;
- 30.06.2006: 4.0434.

This report should be presented to the Financial Supervision Authority, the Warsaw Stock Exchange and press agency pursuant to the law.

REPORT INCLUDES:

File	Description
Qsr_2_2007.pdf	Qsr 2 2007

SIGNATURES			
Date	Name and surname	Position	Signature
2007-08-14	Rafał Chwast	Vice-president of the Management Board	
2007-08-14	Zbigniew Rymarczyk	Vice-president of the Management Board	

**ComArch Capital Group
Consolidated Financial Statement
for the period from 1 January 2007 to 30 June 2007**



Statement in accordance with the International Financial Reporting Standards

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I. Consolidated Balance Sheet

	Note	At 30 June 2007	At 31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment		168,742	138,765
Goodwill		3,284	3,284
Intangible assets		35,582	36,035
Non-current prepayments		8,120	8,118
Investment in associates	3.2	9,135	7,289
Other investment		102	102
Deferred income tax assets	3.12	9,046	10,994
Other receivables		-	3
		234,011	204,590
Current assets			
Inventories	3.3	41,691	20,136
Trade and other receivables	3.6	168,429	149,950
Current income tax receivables		-	-
Long-term contracts receivables	3.9	25,606	23,926
Available-for-sale financial assets	3.4	-	-
Other financial assets at fair value – derivative financial instruments	3.5	63	167
Cash and cash equivalents		52,017	62,790
		287,806	256,969
TOTAL ASSETS		521,817	461,559
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.7	7,960	7,519
Other capitals		128,349	127,795
Exchange differences		364	463
Net profit for the current period		17,699	52,760
Retained earnings		106,626	53,866
		260,998	242,403
Minority interest		14,623	14,580
Total equity		275,621	256,983
LIABILITIES			
Non-current liabilities			
Credit and loans	3.10	69,811	51,471
Deferred income tax liabilities		6,372	6,309
Provisions for other liabilities and charges		228	228
		76,411	58,008
Current liabilities			
Trade and other payables	3.8	153,870	127,714
Current income tax liabilities		1,340	3,424
Long-term contracts liabilities		7,505	9,744
Credit and loans	3.10	4,175	3,033
Financial liabilities		-	-
Provisions for other liabilities and charges		2,895	2,653
		169,785	146,568
Total liabilities		246,196	204,576
TOTAL EQUITY AND LIABILITIES		521,817	461,559

II. Consolidated Income Statement

Note

	Q2 2007	6 months ended 30 June 2007	Q2 2006	6 months ended 30 June 2006	
Revenue	172,033	270,409	90,370	186,824	
Cost of sales	(142,861)	(214,404)	(66,904)	(133,822)	
Gross profit on sales	29,172	56,005	23,466	53,002	
Other operating income	469	750	18	304	
Sales and marketing costs	(9,010)	(18,902)	(8,286)	(17,926)	
Administrative expenses	(7,839)	(15,112)	(7,356)	(14,542)	
Other operating expenses	(2,389)	(3,483)	1,865	(1,605)	
Operating profit	10,403	19,258	9,707	19,233	
Finance costs-net	(603)	(121)	(504)	6,414	
Share of profit/(loss) of associates	992	1,846	973	1,491	
Profit before income tax	10,792	20,983	10,176	27,138	
Income tax expense	(3,124)	(3,241)	(2,368)	(3,727)	
Net profit for the period	7,668	17,742	7,808	23,411	
Attributable to:					
Equity holders of the company	7,701	17,699	7,747	23,142	
Minority interest	(33)	43	61	269	
	7,668	17,742	7,808	23,411	
Earnings per share for profit attributable to the equity holders of the company during the period (expressed in PLN per share)					
- basic	3.13	1.00	2.30	1.03	3.18
- diluted	3.13	0.99	2.28	0.99	2.95

III. Consolidated Statement of Changes in Equity

	Attributable to equity holders					Minority interest	Total equity
	Share capital	Other capitals	Exchange differences	Net result for the period	Retained earnings		
Balance at 1 January 2006	6,955	86,861	(663)	-	53,866	14,353	161,372
Increase in capital	564	-	-	-	-	-	564
Increase in capital due to the conversion of convertible bonds	-	37,895	-	-	-	-	37,895
Capital from valuation of the managerial option	-	1,639	-	-	-	-	1,639
Correction of capital from revaluation of shares	-	12	-	-	-	-	12
<i>Currency translation differences¹</i>	-	-	498	-	-	-	498
<i>Profit for the period²</i>	-	-	-	23,142	-	269	23,411
Total income recognised in equity (1-2)	-	-	498	23,142	-	269	23,909
Balance at 30 June 2006	7,519	126,407	(165)	23,142	53,866	14,622	225,391
Balance at 1 January 2007	7,519	127,795	463	-	106,626	14,580	256,983
Capital from valuation of the managerial option	-	554	-	-	-	-	554
Increase in capital	441	-	-	-	-	-	441
<i>Currency translation Differences¹</i>	-	-	(99)	-	-	-	(99)
<i>Profit for the period²</i>	-	-	-	17,699	-	43	17,742
Total income recognised in equity (1-2)	-	-	(99)	17,699	-	43	17,643
Balance at 30 June 2007	7,960	128,349	364	17,699	106,626	14,623	275,621

IV. Consolidated Cash Flow Statement

	6 months ended 30 June 2007	6 months ended 30 June 2006
Cash flows from operating activities		
Net profit	17,742	23,412
Total adjustments	(5,227)	(54,651)
Share in net (gains) losses of related parties valued using the equity method of accounting	(1,846)	(1,491)
Depreciation	8,101	6,174
Exchange gains (losses)	(37)	(202)
Interest and profit-sharing (dividends)	1,646	1,130
(Profit) loss on investing activities	(99)	(7,271)
Change in inventories	(21,565)	4,359
Change in receivables	(17,508)	(37,005)
Change in liabilities and provisions excluding credits and loans	26,081	(20,345)
Net profit less total adjustments	12,515	(31,239)
Income tax paid	(3,279)	(288)
Net cash used in operating activities	9,236	(31,527)
Cash flows from investing activities		
Proceeds from sale of an associate	-	9,800
Purchases of property, plant and equipment	(35,697)	(11,442)
Proceeds from sale of property, plant and equipment	387	104
Purchases of intangible assets	(2,427)	(691)
Purchases of available-for-sale financial assets	(2,082)	(2,959)
Proceeds from sales of available-for-sale financial assets	2,078	3,000
Net cash used in investing activities	(37,741)	(2,188)
Cash flows from financing activities		
Proceeds from credits and loans	20,535	2,070
Net proceeds from share issue	441	-
Repayments of credits and loans	(1,249)	(1,286)
Redemption of bonds	-	(2,930)
Bond interest	-	(454)
Bank interest	(1,470)	(544)
Other expenses	-	-
Net cash (used in)/generated from financing activities	18,257	(3,144)
Net change in cash, cash equivalents and bank overdrafts	(10,248)	(36,859)
Cash, cash equivalents and bank overdrafts at beginning of the period	62,790	48,968
Positive (negative) exchange differences in cash and bank overdrafts	(525)	465
Cash, cash equivalents and bank overdrafts at end of the period	52,017	12,574

V. Supplementary Information

1. Information about Group Structure and Activities

The basic activities of the ComArch Group (the "Group"), in which ComArch S.A. with its registered seat in Krakow at Al. Jana Pawla II 39 A is the dominant unit, include production, trade and services in the fields of IT and telecommunications, PKD 72.22.Z. The registration court for ComArch S.A. is the District Court for Krakow Śródmieście in Krakow, XI Economic Division of the National Court Register. The company's KRS number is 0000057567. ComArch S.A. holds the dominant share in the Group regarding realised revenues, value of assets and number and volume of executed contracts. ComArch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the dominant unit is not limited.

On 30 June 2007, the following entities formed the ComArch Group (in parentheses, the share of votes held by ComArch S.A.):

- ComArch Spółka Akcyjna with its registered seat in Krakow,
- ComArch, Inc. with its registered seat in Miami (100.00 %),
- ComArch Software AG with its registered seat in Dresden (100.00 %),
- ComArch Middle East FZ-LCC with its registered seat in Dubai (100.00 %),
- ComArch Sp. z o.o. with its registered seat in Kiev (100.00 %),
- ComArch s.r.o. with its registered seat in Bratislava, Slovakia (100.00 %),
- ComArch Panama, Inc. with its registered seat in Panama (100.00 % subsidiary of ComArch, Inc.),
- OOO ComArch with its registered seat in Moscow (100.00 %),
- UAB ComArch with its registered seat in Vilnius, Lithuania (100.00 %),
- CA Services S.A. with its registered seat in Krakow (99.90 %),
- MKS Cracovia SSA with its registered seat in Krakow (*49.15 %).

*) MKS Cracovia SSA is ComArch S.A.'s subsidiary according to IAS 27 pt 13.

The dominant unit's associate is:

- INTERIA.PL S.A. with its registered seat in Krakow (48.48 %),

The structure of activities of the ComArch Group is as follows: the dominant entity acquires the majority of contracts and in large part executes them. ComArch Inc., ComArch Software AG, ComArch Middle East FZ-LCC, ComArch Sp. z o.o. (Ukraine), ComArch Panama, Inc., OOO ComArch, UAB ComArch, ComArch s.r.o. acquire contracts in foreign markets and execute them in their entirety or in part. CA Services S.A. specialises in data communications relating to the provision of connections for the own needs of the ComArch Group and for contracts executed by ComArch, as well as the provision of outsourcing services. MKS Cracovia SSA is a sport joint stock company.

The structure of activities of associate is as follows: Interia.pl is a web portal that provides information, communication and search services to web communities.

2. Description of the Applied Accounting Policies

This consolidated financial statement for the 6 months ended 30 June 2007 was prepared pursuant to the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and interpretations published by the Committee for Interpretation of International Financial Reporting, as approved by the European Union.

These financial statements were prepared pursuant to the historical cost principle with the exception of those items that are appraised in another way pursuant to these principles.

Preparation of the statement pursuant to IFRS requires a number of estimates to be done and the application of individual judgement. Note 2.3.2 presents those areas of the financial statement, which require significant estimates or for which significant judgement is required.

The financial statement was prepared with the assumption of the continuation of commercial activities by the ComArch Group in the foreseeable future. According to company's management, there are no circumstances suggesting any threat to the continuation of activities.

The ComArch Group prepares its income statement in the calculation version, whereas the cash flow statement is prepared according to the indirect method.

The consolidated financial statement of the ComArch Group for the 6 months ended 30 June 2007 comprises the financial statements of the following companies:

	Relationship	Consolidation method	% interest held by ComArch S.A. in subsidiary's share capital
ComArch S.A.	dominant unit	full	
ComArch Software AG	subsidiary	full	100.00 %
ComArch, Inc.	subsidiary	full	100.00 %
ComArch Middle East FZ-LCC	subsidiary	full	100.00 %
ComArch Sp. z o.o. (Ukraine)	subsidiary	full	100.00 %
ComArch s.r.o.	subsidiary	full	100.00 %
ComArch Panama, Inc.	subsidiary	full	100.00 %
OOO ComArch	subsidiary	full	100.00 %
UAB ComArch	subsidiary	full	100.00 %
CA Services S.A.	subsidiary	full	99.90 %
MKS Cracovia SSA	subsidiary	full	49.15 %

2.1 Methods of Valuation of Assets and Liabilities and the Determination of Financial Results

2.1.1. Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The Group has chosen to report using business segment as a basic segment. The basic segments are IT and sport.

2.1.2. Consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities), over which Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired this difference is recognised directly in the income statement.

Transactions, settlements and unrealised gains on transactions among the Group's entities are eliminated. Unrealised losses are also eliminated, unless the transactions provide evidence for a loss in the value of a provided asset. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Associates

Associates are all entities over which the Group has significant influence but not control; this generally accompanies a shareholding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised as costs. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of the post-acquisition profits or losses of its associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.1.3. Foreign Currency Translation

a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Polish zlotys (PLN), which is the company's functional and presentation currency.

b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit and loss, are reported as part of their fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale assets, are included in the available-for-sale reserve in equity.

c) Group Companies

The results and financial position of all group entities (none of which operates in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate of the date of the balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of credits and loans and other currency instruments designated as hedges of such investments, are included in shareholder equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.1.4. Investments

a) Financial Assets and Liabilities at Fair Value through Profit or Loss

This category comprises two subcategories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of sale in the short term or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges. This type of derivative is classified separately in 'Derivative financial instruments' in the balance sheet. Assets in this category are classified as current if they are either held for trading or are expected to be realised within 12 months from the balance sheet.

b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. These arise when the Group gives cash, goods or services directly to the debtor, without the intention of introducing its receivables into trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

c) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

d) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are no longer recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets available-for-sale and financial assets carried at fair

value, through profit or loss are initially recognised at fair value. Loans, receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Unrealised gains or losses arising from changes in the fair value of the non-monetary securities classified as 'available-for-sale' are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or if a security is unlisted), the Group establishes fair value by using valuation techniques. These comprise the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis and models (commonly regarded as correct) of the valuation of derivative instruments based on input data from the active market.

The Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each balance sheet date. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.1.5. Non-Current Assets

a) Intangible Assets

Intangible assets are recorded at their acquisition prices less the current redemption as well as possible write-offs due to permanent loss in value. The Group carries out depreciation write-offs using the straight-line method. The following depreciation rates have been adopted:

- computer software 30 %
- licences 30 %
- copyrights 30 %
- other rights 10-20 %

Adopted depreciation rates are related to the estimated useful life of intangible assets. In the case of intangible assets that were acquired for a particular project, the depreciation period is established as the duration of the project. The right of perpetual usufruct of land relating to SSA Cracovia is classified as an intangible asset with an undefined useful life, therefore it is not depreciated. Lands that MKS Cracovia SSA holds in perpetual usufruct are not depreciated, because of an undefined useful life, since the company expects that the perpetual usufruct rights will be renewed without any major costs, as it is not obliged to meet any conditions, upon which the extension of these rights depends.

In Poland, perpetual usufruct is considered synonymous to ownership, as opposed to a lease after which a user releases land. The company does not expect to incur any major costs for the renewal of perpetual usufruct rights as the co-owner of MKS Cracovia SSA is the City of Krakow. The city supports sports activities, including those of SSA Cracovia through initiatives that include:

- refinancing sports infrastructure
- redeeming real estate taxes
- providing fees for perpetual usufruct

b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill recognised separately is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carriage of an amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

c) Property, Plant and Equipment

Non-Current Assets

Non-current assets were valued according to acquisition prices or production costs less current redemption and possible write-offs due to losses in value. The adopted depreciation rates correspond to the economic utility of non-current assets. The following detailed principles of depreciation of non-current assets have been adopted by the company: assets are depreciated with the straight-line method with application of depreciation rates corresponding with periods of their economic utility. In most cases, depreciation rates are: 2.5 % (for group number I), 30 % (for group number IV) and 20 % (for groups number VII and VIII). In case of non-current assets acquired in order to be used in a specific project, the depreciation period is set as equal to the project duration.

Non-Current Assets under Construction

Fixed assets under construction are valued according to the acquisition price less any possible write-offs due to permanent loss in value. The company applies the rule that interests on investment credit, in the period when the investment is realised, are recognised as non-current assets under construction. Interests on investment credit decrease the annual result within finance costs, after non-current asset, financed by credit, was brought to use.

Improvements in Third Party Non-Current Assets

Improvements in third party non-current assets are valued according to the acquisition price less any current redemptions and possible write-offs due to loss in value.

d) Leases

The Group uses leased vehicles and computer equipment. As, according to the agreements made, practically all risks and benefits resulting from the title of ownership of the subject matter leased have been transferred, these are classified as finance leases. They have been classified as assets and liabilities in the amounts equal to the minimum leasing fees set forth as at the date of lease initiation. Leasing fees are divided into liabilities (reductions of the unpaid balance of liabilities) and finance charges. The interest part of finance costs is charged to the income statement throughout the lease term so as to obtain a constant periodic interest rate on the remaining balance of the liability for each period. The means used on lease principles are subject to depreciation within a shorter period of time of either the asset's useful life or the lease term.

e) Non-Current Prepayments

Non-current prepayments refer to the perpetual usufruct rights for land used by the ComArch S.A. dominant unit. It has a defined useful life, therefore it is depreciated. The depreciation period is 85 years, which means that it is calculated at a rate of 1.2 %.

f) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sales costs and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.1.6. Current Assets

a) Inventories, Products in Progress and Finished Goods

Production in progress given in the statement refers to software produced by the Group and allocated for multiple sales. Production in progress is valued according to direct technical production costs.

Application software produced by the Group and allocated for multiple sales is valued in the period when it benefits, no longer than 36 months from an initial sale, in the amount of surplus of software production costs over net revenues obtained from sales of these products within the following 36 months. Software production costs, not written off after this period of time, increase other operational costs.

Depending on the nature of the produced software and the assessment of its possible sales, expenditures incurred for software production, in the amount of 50 % to 100 % of the invoiced sale in the above time period of sales, are written off into its own costs, provided that the 50 % rate is the basic rate. If the company is aware of limits to sales capacity at an earlier point, it immediately performs a write-off revaluing production in progress in the amount of expenses in reference to which there is a probability that they will not be recovered, or does a one-time write-off of the entirety of unsettled expenses (depending on the degree of risk valuation) into its own cost of sales.

The register of materials and finished goods is managed at current purchase prices. Expenses are appraised according to the FIFO principle. Finished goods are appraised according to actual purchase prices, no higher than net selling prices.

b) Receivables

Receivables are recognised initially at fair value and subsequently according to adjusted acquisition prices (at amortised cost). Receivables are recognised as current or non-current receivables depending on maturity (depending on whether this is less than or over 12 months from the balance sheet date).

In order to make their value real, receivables are decreased by write-offs revaluing bad debts. Write-offs due to loss in value correspond with the difference between balance sheet value and the current value of actual cash flows from the given item of assets. Due to the specific nature of activities (limited scope of receivables from mass contractors), appropriate updating of write-offs is carried out by way of a detailed identification of receivables and an assessment of risk of the inflow of funds resulting from contractual and business conditions.

c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at banks and liquid current securities.

d) Settlement of Long-Term Contracts

Costs related to long-term contracts are given when they occur. The result in contracts is determined according to the progress of work if a reliable determination of such is possible. The progress of work is measured based on the value of costs incurred by the balance sheet date divided by the total estimated costs due to contracts, expressed as a percentage. If it is probable that the total costs due to an agreement exceed total revenues, the anticipated loss is recognised immediately.

In assets, the Group presents 'Long-term contracts receivables' for cases where there is a surplus in incurred costs and recognised profits due to long-term contracts over the value of invoiced sales for contractors. Otherwise, when

there is a surplus of the invoiced sales to contractors over the value of incurred costs and recognised profits due to long-term contracts, the Group presents an item in the liabilities called 'Long-term contracts liabilities'. The above surpluses are determined for each contract separately and are presented separately without balancing particular items.

2.1.7. Equity

Equity includes:

- a) the share capital of the dominant unit presented at nominal value,
- b) other capitals established:
 - from profit-sharing,
 - from surpluses of shares sold above their nominal value (premium share),
 - from the valuation of managerial options,
- c) retained profit resulting from adjustments resulting from changes to accounting principles and from the results achieved by the Group, which were not transferred to other capitals

2.1.8. Employee Benefits

a) Share-Based Plans

The Group has a share-based reward scheme. The fair value of employee services received in exchange for every grant of options increases costs. The total amount to be spent over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received when the option is exercised, i.e. proceeds from comprising shares (less transaction costs related directly to option exercising) are credited to share capital (nominal value) and the share premium is credited to supplementary capital.

2.1.9. Liabilities and Provisions for Liabilities

a) Trade Liabilities and Other Liabilities

Initially trade and other liabilities are recognised at their fair value and at the balance sheet date they are recognised at adjusted acquisition prices (depreciated cost). Liabilities, depending on maturity (up to or over 12 months from the balance sheet date) are recorded as current or non-current items.

b) Financial Liabilities

At the time of initial recognition, financial liabilities are valued at fair value, increased (in case of an item of liabilities not qualified as valued at fair value by the financial result) by transaction costs. After the initial recognition, the unit appraises financial liabilities according to depreciated costs using the effective interest method, with the exception of derivative instruments, which are valued at fair value. Financial liabilities set as items being hedged are subject to appraisal pursuant to hedge accounting principles.

c) Provisions for Liabilities

Provisions for restructuring costs, guarantee repairs and legal claims are recognised if:

- The Group has current legal or customary liabilities resulting from past events;
- There is a high probability that expending Group funds may be necessary to settle these liabilities, and
- Their value has been reliably assessed.

Restructuring provisions mostly comprise employee severance payments. These provisions are not recognised in reference to future operational losses. If there are a number of similar liabilities, the probability of the necessity for expending funds for settlement is assessed for the whole group of similar liabilities. The provision is recognised even if the probability of expending funds in reference to one item within the group of liabilities is small.

The provisions are appraised at the current value of costs assessed according to the best knowledge of company management. Incurring such costs is necessary in order to settle the current liability at the balance sheet date. The discount rate applied for determining current value reflects the current market assessment of the time value of money and impairments relating to a given liability.

2.1.10 Deferred Income Tax

The general principle, pursuant to IAS12, is applied. It states that due to temporary differences between the presented value of assets and liabilities as well as their tax value and tax loss it will possible to deduct in the future, a provision is established and deferred income tax assets are defined.

Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle.

Deferred income tax liabilities are established in the amount of income tax payable in the future in reference to positive temporary differences, which would result in increasing the basis of taxation in the future.

Deferred income tax is established using fiscal rates (and regulations) which are legally binding at the balance sheet date, which according to expectations shall be in force at the moment of realisation of relevant deferred income tax assets or settlement of deferred income tax liability.

The difference between deferred income tax liabilities and deferred income tax assets at the end and at the beginning of the reporting period affects the financial results. In addition, liabilities and assets due to deferred income tax related to operations settled with equity are referred into equity.

2.2 Recognition of Revenues and Costs

The ComArch Group's operations mostly consist of producing software for multiple sales and implementing IT integration contracts. As part of its integration contracts, ComArch offers the implementation of IT turnkey systems consisting of (own and third party) software and/or computer hardware and/or services such as:

- implementation services,
- installation services,
- guarantee and post-guarantee services,
- technical assistance services,
- software customisation services,
- other IT and non-IT services necessary for system implementation.

In determining the total revenues from contracts, the following items are taken into account:

- revenues from proprietary software (irrespective of form, i.e. licences, property rights, etc.),
- revenues from services

Unit managers may decide to include estimated revenues that are highly probable to be realised into the total revenues from a contract (e.g. during the implementation of the contract, project modifications are carried out for technical reasons and it is justified to assume with some probability that the ordering party will accept the modifications and that there will be revenues flowing from them).

When integration contracts under which software is allocated for multiple sales are ComArch property, the revenues and costs related to this software and the revenues and costs related to the other part of the integration contract are recognised separately.

Several integration contracts are combined and recognised as one contract, if:

- the agreements are executed at the same time or sequentially one after another and the precise separation of the costs of their execution is impossible, or
- the agreements are so closely inter-related that they are actually parts of a single project and share a single profit margin for the entire project.

Revenues from other services (e.g. technical services, technical assistance) are recognised equally during the term of an agreement/service provision. Revenues from hardware sales and the sale of other finished goods are recognised in accordance with agreed delivery terms.

Revenues from sales of other services, products, finished goods and property items comprise sums of fair values from due invoiced revenues taking into account discounts and rebates without commodity and services taxes.

Sales costs include marketing costs and the costs of order acquisition by sales centres (departments) in the ComArch Group.

General costs consist of the costs of the ComArch Group functioning as a whole and include administrative expenses and the costs of departments that operate for the general needs of the Group. Exchange rate differences related to receivables are presented in 'Revenues from sales' and those related to liabilities are presented in 'Cost of sales.'

The Groups receives subsidies for the financing of R&D projects within the framework of European Union aid programmes. These subsidies are systematically recognised as revenue in particular periods so as to ensure that they are adequate to incurred costs, which should be compensated by subsidies respectively to the reason of their settlement. These subsidies diminish the respective direct costs, which are presented in the cost of sales just after they are compensated with subsidies.

a) Other Operational Revenues and Costs

Other operational revenues and costs comprise revenues and costs not directly related to the regular activities of the units and mostly include: the result of the sale of property, plant and equipment and intangibles, subsidies, established provisions and the consequences of asset revaluation.

b) Financial Revenues and Costs

Financial revenues and costs mostly include: revenues and costs due to interest, those from the result achieved due to exchange rate differences in financial activities, those from disposal of financial assets and those arising as the consequences of the investment revaluation.

2.3 Financial Risk Management

The company's activities expose it to a variety of financial risks:

1. The risk of contractor insolvency. The company establishes the financial credibility of potential clients before signing contracts for the supply of IT systems and adjusts the conditions of each contract to the potential risk depending on its assessment of the financial standing of the client;

2. Interest rate risk. The company is exposed to the risk of changes in interest rates related to long-term investment credits to finance the construction of new production buildings in the Special Economic Zone in Krakow. These are credits at variable interest rates based on the WIBOR index. The company has not been hedging this interest rate risk, however it monitors market situation in this scope;

3. Foreign exchange risk. The company is exposed to foreign exchange risk in relation to export sales and sales denominated in foreign currencies. At the same time, part of the company's costs is also expressed in or related to exchange rates for foreign currencies. In individual cases, the company hedges future payments with forward contracts and currency options.

2.3.1. Accounting for Derivative Financial Instruments and Hedging Activities

Derivative financial instruments designated as 'hedging instruments' according to IAS 39, qualified as fair value hedging, are recognised at fair value and changes in their valuation refer to the results of financial operations.

Derivative financial instruments designated as 'hedging instruments' according to IAS 39, qualified as cash flow hedging are recognised at fair value and change to their valuation refers to:

- a) capital from the revaluation of prices (in the part constituting effective hedging),
- b) the results of financial operations (in the part not constituting effective hedging).

Derivative financial instruments designated as 'non-hedging instruments' according to IAS 39 are valued at fair value and changes in their valuation refers to the results of financial operations.

2.3.2. Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including anticipations of future events that are believed to be reasonable under given circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

- a) Estimation of the total costs of the execution of projects related to the appraisal of long-term contracts, pursuant to IAS 11,

Pursuant to the accounting principles adopted by the company, the company determines the degree of progress for long-term contracts by way of determining the ratio of currently incurred costs for a given project to the total estimated project costs. Due to the long-term nature of projects under way and their complex structure, as well as the possibility of unexpected difficulties related to their execution it may happen that the actual total costs for project execution differ from the estimates made for specific balance sheet dates. Changes in estimates of total project execution costs could result in the definition of project progress at the balance sheet date and consequently recognised revenues, in different amounts.

- b) Estimations related to the determination and recognition of deferred income tax assets, pursuant to IAS 12,

As the company operates in the Special Economic Zone and enjoys investment allowances as a result, the company determines the value of deferred income tax assets on the basis of forecasts relating to the shape of the tax-exempt income and the period, in which such income may be noted. Due to high business fluctuations in the IT industry (in which the company is active) it is possible that the actual results and tax-exempt income may differ from the company's anticipations.

- c) Estimation of possible costs related to current court proceedings against the company, pursuant to IAS 37.

At the balance sheet date, the Group is the plaintiff and the defendant in a number of court proceedings. Preparing the financial statement, the Group always assesses the opportunities and risks related to court proceedings and, in accordance with the results of such analyses, establishes provisions for potential losses. However, there is always a risk that the courts will pronounce verdicts different from the expectations of the company and the established provisions will be insufficient or excessive in comparison with the actual results of the proceedings.

- d) Estimation due to carrying out yearly test on loss in the goodwill according to IFRS3 and IAS 36

At the end of every fiscal year the Group carries out tests on losses in the goodwill according to accounting rules contained in note 2.1.5. b). Due to the execution of tests on possible losses in goodwill, goodwill is allocated in cash-generating units. The recovering value is established on the basis of fair value. These calculations require the company to use estimations related to projections of cash flows in the IT segment in the next fiscal year and anticipated IT market developments in Poland in the next several years. Due to the large amount of business fluctuation in the IT industry (in which the company is active) it is possible that the actual results and tax-exempt income may differ from the company's anticipations.

2.4 Interim Measurement Note

The IT industry is subject to seasonal fluctuations, with peak demand in the fourth quarter of each year. The costs, which are incurred unevenly during the fiscal year of the economic unit are anticipated or transferred into settlements over time at the mid-year date if and only if their anticipation or transfer into settlement over time is also appropriate at the end of the fiscal year.

Current income tax is calculated on a monthly basis, based on current financial details, in accordance with regulations applicable in the country of the head office of the Capital Group.

2.5 New Standards and IFRIC Interpretations

This consolidated financial statement was prepared pursuant to the International Financial Reporting Standards (IFRS), as approved by the European Union.

In the opinion of Group Management certain new accounting standards that are mandatory for accounting periods beginning on or after 1 January 2007, will not have any significant impact on the financial statement and financial situation of the Group.

IFRS 8 „Business segments”, instead of IAS 14, will be obligatory in annual periods beginning on 1 January 2009 or after this date. This interpretation will not have a significant impact on the method of classification and presentation of business segments.

IFRIC 10 „Interim Financial Reporting and Impairment” will be obligatory in periods beginning on 1 November 2006 or after this date. The Group shall proceed according to the requirements relating to this interpretation.

IFRIC 11 „IFRS 2 – Share-based Payment – Share-based Payment within the Group and Own Shares-based Payment” will be obligatory in annual periods beginning on 1 March 2007 or after this date. The Group shall proceed according to the requirements relating to this interpretation.

IFRIC 12 „Service Concession Arrangements” will be obligatory beginning from 1 January 2008. This interpretation does not have any impact on the Group’s financial statement

3. Notes to the Consolidated Financial Statement

3.1 Segment Information for the 6 months ended 30 June 2007

The Group has chosen to report using business segment as base segment. The operations of ComArch’s subsidiary units comprise the following types of activities: the sale of IT systems (hereinafter referred to as the “IT segment”) and professional sports (hereinafter referred to as the “sport segment”; MKS Cracovia SSA). The IT segment has a dominant share in sales revenues, profits and assets.

Revenues, costs and financial results

6 months ended 30 June 2006

Item	IT Segment	Sport Segment	Eliminations	TOTAL
Revenues per segment- sales to external clients, <i>including:</i>	189,282	4,260	-	193,542
<i>revenues from sales</i>	<u>182,602</u>	<u>4,222</u>	-	<u>186,824</u>
<i>other revenues /operating and financing/</i>	6,680	38	-	6,718
Revenues per segment - sales to other segments	-	2,935	(2,935)	-
Revenues per segment - total*	<u>189,282</u>	<u>7,195</u>	<u>(2,935)</u>	<u>193,542</u>
Costs per segment relating to sales to external clients	164,165	3,730	-	167,895
Costs per segment relating to sales to other segments	-	2,935	(2,935)	-
Costs per segment - total*	<u>164,165</u>	<u>6,665</u>	<u>(2,935)</u>	<u>167,895</u>
Current taxes	(251)	-	-	(251)
Assets for the tax due to investment allowances and other tax relief	(3,476)	-	-	(3,476)
Share of segment in the result of parties valued using the equity method of accounting	1,491	-	-	1,491
Net result,	<u>22,881</u>	<u>530</u>	-	<u>23,411</u>
<i>including:</i>				
<i>result attributable to shareholders of the dominant unit</i>	<u>22,881</u>	<u>261</u>	-	<u>23,142</u>
<i>result attributable to minority interest</i>	-	<u>269</u>	-	<u>269</u>

*) items comprise revenues and costs of all types, which can be directly allocated to particular segments.

6 months ended 30 June 2007

Item	IT Segment	Sport Segment	Eliminations	TOTAL
Revenues per segment- sales to external clients, including:	266,087	5,072	-	271,159
<i>revenues from sales</i>	265,494	4,915	-	270,409
<i>other operating revenues</i>	593	157	-	750
Revenues per segment - sales to other segments	-	3,210	(3,210)	-
Revenues per segment - total*	266,087	8,282	(3,210)	271,159
Costs per segment relating to sales to external clients	247,035	4,987	-	252,022
Costs per segment relating to sales to other segments	-	3,210	(3,210)	-
Costs per segment - total*	247,035	8,197	(3,210)	252,022
Current taxes	(1,230)	-	-	(1,230)
Assets for the tax due to investment allowances and other tax relief	(2,011)	-	-	(2,011)
Share of segment in the result of parties valued using the equity method of accounting	1846	-	-	1846
Net result,	17,657	85	-	17,742
including:				
<i>result attributable to shareholders of the dominant unit</i>	17,657	42	-	17,699
<i>result attributable to minority interest</i>	-	43	-	43

*) items comprise revenues and costs of all types, which can be directly allocated to particular segments.

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as well as investment expenditures and depreciation as at 30 June 2006 and as at 30 June 2007 are as follows:

6 months ended 30 June 2006

	IT Segment	Sport Segment	Total
Assets	291,410	34,383	325,793
Associates	8,361	63	8,424
Total assets	299,771	34,446	334,217

	IT Segment	Sport Segment	Total
Liabilities	99,858	8,968	108,826
Investment expenditures	14,747	346	15,093
Depreciation	5,770	405	6,175

6 months ended 30 June 2007

	IT Segment	Sport Segment	Total
Assets	481,194	40,623	521,817
Liabilities	206,447	39,749	246,196
Investment expenditures	39,881	325	40,206
Depreciation	7,789	312	8,101

Due to the geographical distribution of its activities, the ComArch Group has defined the following market segments: Poland, Europe, the Americas, and other countries. The 'Sport' segment operates solely within the territory of Poland. Due to the fact that only the IT segment operates abroad and at the same time the costs incurred in the IT segment are largely common for export and domestic sales, defining separate results for export and domestic activities is futile. Sales between specific segments are calculated based on market conditions.

The following table presents the allocation of revenues from sales, assets and total investment expenditures into geographical segments:

Revenues from basic sales by market location

	6 months ended 30 June 2007	6 months ended 30 June 2006
Poland	218,205	144,514
Europe	38,894	28,396
The Americas	10,383	12,735
Others	2,927	1,179
TOTAL	270,409	186,824

Assets – activities location

	30 June 2007	31 December 2006
Poland	496,566	432,308
Europe	11,980	14,645
The Americas	9,478	10,235
Others	3,793	4,371
TOTAL	521,817	461,559

Investments expenditures - activities location

	6 months ended 30 June 2007	6 months ended 30 June 2006	2006
Poland	39,784	13,828	59,511
Europe	292	1,420	918
The Americas	130	301	516
Others	-	76	67
TOTAL	40,206	15,625	61,012

3.2 Investment in Associates

In the year 2007 investment in associates refers to share in Interia.pl S.A. valued using the equity method of accounting. In the previous years they referred to share in Interia.pl S.A. and NetBrokers Sp. z o.o. In December 2006, ComArch S.A. sold the whole share in NetBrokers Sp. z o.o. that constituted 40 % of the company's share capital.

At 1 January 2006	9,444
Share in profit for the first half of 2006	1,491
Other changes related to disposing of INTERIA.PL S.A. shares	(2,574)
As at 30 June 2006	8,361
Share in profit for the second half of 2006	1,099
Other changes related to disposing of NetBrokers Sp. z o.o. shares	(2,171)
At 31 December 2006	7,289
At 1 January 2007	7,289
Share in profit for the first half of 2007	1,846
At 30 June 2007	9,135
<i>including:</i>	
INTERIA.PL S.A.	9,135

	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2006				
INTERIA.PL S.A.	Poland	27,289	8,222	36.08
At 30 June 2007				
INTERIA.PL S.A.	Poland	33,029	8,844	36.08

	Country of incorporation	Revenues	Profit /(Loss)	% shares held
6 months ended 30 June 2006				
INTERIA.PL S.A.	Poland	25,676	3,566	36.08
6 months ended 30 June 2007				
INTERIA.PL S.A.	Poland	30,897	5,118	36.08

As a result of disposal of 350,000 INTERIA.PL shares by ComArch S.A. on 19 January 2006, ComArch S.A. holds 2,538,369 shares of INTERIA.PL S.A., which constitute 36.08 % of company's share capital. These shares give ComArch S.A. 11,609,625 votes at the General Meeting, which constitutes 48.48 % of the total number of votes.

As at 30 June 2007 the fair value of INTERIA.PL shares held by ComArch S.A. based on average stock exchange prices from the three months preceding the date of the preparation of this statement was 180.28 million PLN. On 29 June 2007, the closing price of INTERIA.PL shares was 69.5 PLN. On this day, the value of INTERIA.PL S.A. shares held by ComArch S.A. was 176.42 million PLN.

3.3 Inventories

	30 June 2007	31 December 2006
Raw materials	676	880
Work in progress	14,927	11,831
Finished goods	26,062	7,369
Advance due to finished goods	26	56
	41,691	20,136

The cost of inventories recognised as expenses and included in 'Costs of products, goods and materials sold' amounted to 173.59 million PLN (6 months ended 30 June 2007) and 105.51 million PLN (6 months ended 30 June 2006) and 290.86 million PLN (12 months ended 31 December 2006).

The Group reversed a write-off worth 0.084 million PLN that revaluated inventories and was performed in 2006. The write-off was classified as an item in 'Other operating costs'. In the second quarter of 2007 no write-off was performed that revaluated finished goods. No hedging was performed in inventories owned by the Group.

On the basis of the current trend in reference to the settlement of production in progress, the Group estimates that after 12 months from the balance sheet date approximately 4.9 million PLN shall remain unsettled. Other inventories will be settled in their entirety within 12 months.

3.4 Available-For-Sale Financial Assets

	30 June 2007	31 December 2006
At the beginning of the year	-	-
Additions – first half	2,000	3,000
Disposal – first half	(2,000)	(2,958)
At 30 June	-	42
Additions – second half	-	-
Disposal – second half	-	(42)
At 31 December	-	-

In the periods related to this statement, no write-offs due to loss in value of available-for-sale financial assets were performed.

Shares in investment funds comprise shares in money market fund and debt securities of KBC GAMMA SFIO that ComArch had purchased as cash deposit.

3.5 Derivative Financial Instruments

	30 June 2007		31 December 2006	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts– held-for-trading	54	5	261	94
Currency options – held-for-trading	14	-	-	-
	68	5	261	94
<i>Current portion</i>	<i>68</i>	<i>5</i>	<i>261</i>	<i>94</i>

Derivative financial instruments are classified in the financial statement as an asset of 0.063 million PLN. Profits and losses due to the valuation of forward contracts as at 30 June 2007 are recognised in income statement. They will be exercised within the period of 6 months from the balance sheet date.

The Group has used forward contracts and currency options to reduce the effect of changes in cash flows on financial result, where cash flows are related to transactions and changes planned, are the result of foreign exchange risk. As at 30 June 2007, the above-mentioned instruments were valued at fair value according to market price and changes in valuation were referred into the results from financial operations. As at 30 June 2007, the total value of forward contracts was 0.25 million EURO and currency options was 0.1 million EURO.

3.6 Trade and Other Receivables

	30 June 2007	31 December 2006
Trade receivables	155,426	144,417
Less provision for impairment of receivables	(3,532)	(3,343)
Trade receivables - net	151,894	141,074
Other receivables	8,116	1,945
Short-term prepayments	3,024	2,847
Prepayments of revenues	5,009	3,855
Loans	86	206
Receivables from related parties	300	23
	168,429	149,950
<i>Current portion</i>	<i>168,429</i>	<i>149,950</i>

The fair value of trade and other receivables is close to the balance sheet value presented above. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers. The Group has recognised a write-off due to loss in value of its trade receivables that was worth 2.4 million PLN (6 months ended 30 June 2007) and 1.58 million PLN (12 months ended 31 December 2006). This write-off was presented in the other operating costs in the income statement.

3.7 Share Capital

	Number of shares	Ordinary shares	Own shares	TOTAL
At 1 January 2006	6,955,095	6,955,095	-	6,955,095
Conversion of bonds convertible into shares	563,675	563,675	-	563,675
A 30 June 2006	7,518,770	7,518,770	-	7,518,770
At 31 December 2006	7,518,770	7,518,770	-	7,518,770
Execution of managerial option programme (registration by the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register of an increase in share capital on 20 April 2007)	441,826	441,826	-	441,826
At 30 June 2007	7,960,596	7,960,596	-	7,960,596

The nominal value of one share is 1 PLN.

The share capital of ComArch S.A. consists of:

- 1) 883,600 series A registered preference shares,
- 2) 56,400 series A ordinary bearer shares,
- 3) 883,600 series B registered preference shares,
- 4) 56,400 series B ordinary bearer shares,
- 5) 3,008,000 series C ordinary bearer shares,
- 6) 1,200,000 series D ordinary bearer shares,
- 7) 638,600 series E ordinary bearer shares,
- 8) 125,787 series G ordinary bearer shares,
- 9) 102,708 series G3 ordinary bearer shares,
- 10) 563,675 series H ordinary bearer shares,
- 11) 441,826 series I2 ordinary bearer shares.

Registered shares in series A and B are preferential and each such share corresponds with 5 votes at the General Meeting. The conversion of registered shares into bearer shares is allowed. In case of that registered shares are converted into bearer shares, they lose all preferences. In case that registered preferential shares are disposed their specific voting rights at the General Meeting expire, however their specific voting rights at the General Meeting do not expire in case of:

- a) disposal for the benefit of persons who were shareholders of the company on 18 March 1998,
- b) disposal for the benefit of descendants of a disposer,
- c) conveying property of a registered share as a result of succession.

The written consent of the Management Board is required to dispose of registered shares. The sale of shares without the permission of the Management Board is possible on the condition that it is stated in ComArch S.A.'s statute.

Every ordinary bearer share entitles its holder to one vote at the AGM. The conversion of bearer shares into registered shares is not permitted.

3.7.1 Information about Shareholders Holding Directly or Indirectly by Subsidiary Entities at least 5 % of the Total Number of Votes at the General Meeting of ComArch S.A., at the Date of Preparing the Quarterly Financial Report.

Elżbieta and Janusz Filipiak held 3,411,383 shares (42.85 % of the company's share capital), which gave them 10,367,383 votes at the AGM and constituted 68.98 % of all votes at the AGM.

According to information on the day of the report, customers of BZ WBK AIB Asset Management S.A. held 1,461,243 shares (18.36 % of the company's share capital), which gave 1,461,243 votes at AGM and constituted 9.72 % of the total number of votes at the AGM. These shares comprise shares held by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (Investment Funds), that according to information on the day of the report held 746,533 shares (9.38 % of the company's share capital), which gave 746,533 votes at AGM (4.97 % of the total number of votes at the AGM).

3.7.2 Changes in Share Capital in Q2 2007

1) Registration by the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register of an Increase in Share Capital

Due to the Board of Supervisors' decision concerning to the execution of managerial option programme for members of the Management Board and Key Employees in March 2007 (detailed information is presented in point 3.7.3), on 20 April 2007, the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered an increase in ComArch S.A.'s share capital to the amount of 7,960,596 PLN. After this increase company's share capital is divided into 7,960,596 shares. It corresponds to 15,029,396 votes at the company's AGM. The relevant change in statute was registered on 20 April 2007 by the District Court for Kraków-Śródmieście, XI Economic Division

of the National Court Register. The company announced details in current reports no. 9/2007 and 10/2007.

2) Registration and Introduction to Trading of Series I2 Shares

On 28 May 2007, the Management Board of the Warsaw Stock Exchange decided to introduce to trading 441,826 series I2 ordinary bearer ComArch S.A. shares of nominal value of 1 PLN. Due to that fact the Management Board of the National Deposit for Securities registered the above-mentioned shares on 31 May 2007. After this registration the total number of ComArch S.A.'s securities is 6,193,396. The company announced details in current reports no. 13/2007, 15/2007 and 16/2007.

3) Transactions of Disposal of Issuer's Shares

On 15 June 2007, married couple of a supervising person and a managing person sold 65,000 ordinary bearer ComArch S.A. shares for 219 PLN each. Information was prepared on 15 June 2007 in Krakow.

On 25 June 2007 and 26 June 2007, one of ComArch S.A.'s managing persons sold 22,566 ordinary bearer shares of ComArch S.A. for average price of 209,14 PLN each. Information was prepared on 27 June 2007 in Krakow.

Between 28 June 2007 and 5 July 2007, a person who has access to confidential information about ComArch S.A. sold 36,590 ordinary bearer shares of ComArch S.A. for average price of 201.927651 PLN each. Information was prepared on 5 July 2007 in Krakow.

Between 13 June 2007 and 6 July 2007, a person who has access to confidential information about ComArch S.A. sold 10,776 ordinary bearer shares of ComArch S.A. for average price of 213.57 PLN each. Information was prepared on 9 July 2007 in Krakow.

Between 25 June 2007 and 13 July 2007, a person who has access to confidential information about ComArch S.A. sold 950 ordinary bearer shares of ComArch S.A. for average price of 214.48 PLN each. Information was prepared on 23 July 2007 in Krakow.

The above-mentioned transactions were concluded on regulated market-Warsaw Stock Exchange.

4) Disposal of ComArch S.A. Shares by BZ WBK AIB Asset Management S.A.

As result of disposal of the shares, which was settled on 17 May 2007, clients of BZ WBK AIB Asset Management S.A. decreased by over 2 % their participation in total number of votes at ComArch S.A.'s annual general meeting. They held over 10 % of total number of votes at ComArch S.A.'s annual general meeting up to the present.

On 17 May 2007, there were 1,513,179 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. clients, which constituted 19.01 % of the company's share capital. This gave 1,513,179 or 10.07 % of the total votes at ComArch S.A.'s annual general meeting.

At the same time, BZ WBK AIB Asset Management S.A. informed that BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna authorised BZ WBK AIB Asset Management S.A. to manage investment portfolios of investment funds, whose body Towarzystwo is. With relation to authorisation mentioned above, this notice ought to take into account ComArch S.A. shares, which are held by funds.

As a result of disposal of the shares, which was settled on 30 May 2007, clients of BZ WBK AIB Asset Management S.A. hold less than 10 % in total number of votes at ComArch S.A.'s annual general meeting.

On 30 May 2007, there were 1,461,243 ComArch S.A. shares in the managed securities accounts of BZ WBK AIB Asset Management S.A. clients, which constituted 18.36 % of the company's share capital. This gave 1,461,243 or 9.72 % of the total votes at ComArch S.A.'s annual general meeting.

3.7.3 Managerial Option Program for Members of the Management Board and Other Key Employees

a) Managerial Option Programme for 2005-2007

On 30 June 2005, the Annual General Meeting of Shareholders passed Resolution no. 51 on the managerial options programme for members of the Management Board and the company's Key Employees (17 persons in total). The objective of the programme is to additionally motivate members of the Management Board and Key Employees by options on ComArch shares (hereinafter referred to as the "Option") dependent on increases in the value of the company and its net profit. The program will be executed through offers of newly-issued shares in the company in 2006, 2007 and 2008 to members of the Management Board and Key Employees. The value of the Option is to be at all times equivalent to the difference between the average closing price of the company's shares as of December of each year of the execution of the programme (beginning with 2005) and the issue price of shares offered to members of the Management Board and Key Employees. The basis for the calculation of the value of the Option shall be increases in company capitalisation, calculated as follows:

- For 2006 it will be the difference between the average capitalisation of the company in December 2005 and the average capitalisation of the company in December 2004; this will be calculated using the average closing price of ComArch shares in December 2004 as 69.53 PLN;
- For 2007 it will be the difference between the average capitalisation of the company in December 2006 and its average capitalisation in December 2005;
- For 2008 it will be the difference between the average capitalisation of the company in December 2007 and its average capitalisation in December 2006, where the average capitalisation is the number of shares multiplied by the average closing price for shares of the company in December of a given year.

The Option shall be defined in each successive year of the program separately for each entitled individual as set forth in Resolution no. 51 of the AGM. The total value of the option was 9.4 % of the increase in capitalisation in the periods set forth in Clauses a), b) and c) (for options No. 1, No. 2 and No. 3, respectively) at the beginning. As at 31

December 2006 and after the application of changes to the program (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in 2006 and 2007) the value of the Option amounted to 7.8 % of the increase in capitalisation.

Pursuant to IFRS2, the company is obliged to calculate the value of the Option and classify it as a cost in the income statement in the Option period, i.e. from its issue date until its expiry date. Beginning with the third quarter of 2005, the company classifies the value of particular Options in its income statement. The company notes that despite the fact that the value of the Option decreases the net profit of the company and of the Group, this operation does not affect the value of cash flows. Moreover, the economic cost of the Option shall be classified in the income statement through its inclusion in the "diluted net profit" of newly issued shares for the participants of the programme. Despite the fact that the IFRS2 standard was officially adopted by the European Union to companies listed on the stock exchange in the preparation of consolidated statements, many experts point out its controversial nature – in their opinion, placing the cost of the Option in the income statement results in the double inclusion of the effect of the Option programme (once by result and second by dilution).

Pursuant to requirements of IFRS2, the valuation of the Option was carried out as at the date of the resolution on the option programme, i.e. as at 30 June 2005. The Monte Carlo simulation technique was used to value the Option. It was combined with the process of discounting non-negative financial flows related to the options calculated on the basis of the MAX () function. Apart from the assumptions resulting from the nature of the Option program described above, the following additional assumptions were adopted for the needs of the valuation:

- 4.6 % risk-free rate (the interest rate on 52-week treasury bills);
- 0 % dividend rate (the dividend rate in the period forecast as at the date of the passage of the programme);
- 17 % anticipated volatility (anticipated volatility based on historical volatility from the last 200 quotations prior to the date of the passage of the program on the basis of the average price of shares from opening and closing prices).

Initially, the determined total value of Options amounted to 6.20 million PLN including:

- a) Option No. 1, i.e. the option due to increases in capitalisation in 2005: 0.044 million PLN;
- b) Option No. 2, i.e. the option due to increases in capitalisation in 2006: 3.05 million PLN;
- c) Option No. 3, i.e. the option due to increases in capitalisation in 2007: 3.1 million PLN.

After changes to the program were applied (pursuant to the resolution of the AGM passed on 22 June 2006 and according to changes to the list of program participants that took place in 2006 and 2007) the value of the Option amounts to 5.79 million PLN.

As at 30 June 2007, the value of the Option for the Management of the Board and Key Employees amounts to:

- a) The value of the option for the Management Board: 87.18 %, i.e. 5.04 million PLN
- b) The value of the option for Key Employees: 12.82 %, i.e. 0.74 million PLN

The value of the Option recognised in the income statement for the first half of 2007 amounted to 0.55 million PLN. The estimated effect of the recognition of the costs of the Option on the income statement in successive periods is as follows: 0.52 million PLN in Q3-Q4 of 2007.

Pursuant to the conditions of the program, the company has determined that:

- a) the average capitalisation of ComArch S.A. as of December 2004 was 476.5 million PLN,
- b) the average capitalisation of ComArch S.A. as of December 2005 was 441.7 million PLN,
- c) the average capitalisation of ComArch S.A. as of December 2006 was 1,539.7 million PLN.

The difference between the average capitalisation in December 2005 and the average capitalisation in December 2004 is negative, which means that the basic condition of the programme has not been met. As a result, shares for members of the Management Board and Key Employees weren't issued in 2006.

Basing on the company's quotations on Warsaw Stock Exchange, the Board of Supervisors agreed an increase in the company's cap of 1,098,010,607.08 PLN as at 31 December 2006. The Board of Supervisors agreed an option's value in the amount of 8.2 % of the increase in cap, i.e. 90,036,869.78. On 12 February 2007, the company's Board of Supervisors passed a resolution concerning execution of managerial option programme and declared that 441,834 series I2 shares will be issued, of nominal value of 1 PLN and issue price of 1 PLN. On 14 March 2007, the Board of Supervisors passed a resolution concerning changes in the resolution dated 12 February 2007, concerning execution of managerial option programme. As a result, 441,826 series I2 shares was issued, of nominal value of 1 PLN and issue price of 1 PLN. A subscription of I2 shares took place between 16 March 2007 and 23 March 2007.

b) Managerial Option Programme for 2008-2010

On 30 June 2007, the Annual General Meeting of Shareholders passed Resolution no. 16 on the managerial options programme for company's Key Employees for 2008-2010. The objective of the programme is to additionally motivate members of the Management Board and Key Employees by options on ComArch shares (hereinafter referred to as the "Option") dependent on increases in the value of the company and increase in its capitalisation. The program will be executed through offers of newly-issued shares in the company in 2009, 2010 and 2011 to Key Employees. The value of the Option is to be at all times equivalent to the difference between the average closing price of the company's shares as of December of each year of the execution of the programme (beginning with 2008) and the issue price of shares offered to Key Employees. The basis for the calculation of the value of the Option shall be increases in company capitalisation, calculated as follows:

- For 2008 it will be the difference between the average capitalisation of the company in December 2007 and the average capitalisation of the company in December 2008; this will be calculated using the average closing price of ComArch shares in December 2004 as 69.53 PLN;
- For 2009 it will be the difference between the average capitalisation of the company in December 2008 and its average capitalisation in December 2009;
- For 2010 it will be the difference between the average capitalisation of the company in December 2009 and its average capitalisation in December 2010.

In the fourth quarter of the year that precedes the year of the Programme execution, the Supervisory Board of the company shall establish a list of Key Employees and single option factors. List of Key Employees and single option factors shall be established independently for each subsequent year. The total value of the all single option factors for each Key Employee in the given year shall amount to 3 % (in words: three percent) of increase in the company's

capitalisation. Pursuant to IFRS2, the company is obliged to calculate the value of the Option and classify it as a cost in the income statement in the Option period, i.e. from its issue date until its expiry date. The company will recognise the value of the particular options beginning from the options' acquiring, i.e. an establishment by the Supervisory Board a list of Key Employees and single option factors for each subsequent year.

3.7.4 Changes in the Share Capital after the Balance Sheet Date

1) Transactions of Disposal of ComArch S.A. Shares

On 10 July 2007, married couple of a supervising person and a managing person sold 22,420 ordinary bearer shares of ComArch S.A. at average price of 223.66 PLN every share. Information was prepared on 13 July 2007 in Krakow.

On 9 July 2007 and 10 July 2007, a member of ComArch S.A.'s Management Board sold 5,966 ordinary bearer shares of ComArch S.A. at average price of 223.88 PLN every share. Information was prepared on 16 July 2007 in Krakow.

The above-mentioned transactions were concluded on regulated market-Warsaw Stock Exchange.

2) Disposal of ComArch S.A. Shares by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (Investment Funds)

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., on behalf of Arka BZ WBK Share Open Investment Fund, Arka BZ WBK Stable Growth Open Investment Fund, Arka BZ WBK Balanced Open Investment Fund as well as Lukas Open Investment Fund (hereinafter referred to as the "Funds"), informed that, as a result of disposal of the shares, which was settled on 16 July 2007, the above-mentioned Funds hold less than 5 % in total number of votes at ComArch S.A.'s annual general meeting.

Prior to the above-mentioned share decrease, Funds held 751,533 of the company's shares, which constituted 9.44 % of the equity. This gave 751,533 or 5.00 % of the total votes at ComArch S.A.'s annual general meeting.

On 16 July 2007, there were 746,533 ComArch S.A. shares in the securities accounts of Funds, which consisted 9.38 % of the equity. This gave 746,533 or 4.97 % of the total votes at ComArch S.A.'s annual general meeting.

3.8 Trade and Other Payables

	30 June 2007	31 December 2006
Trade payables	110,418	64,609
Financial liabilities	-	-
Advances received due to services	5,193	6,599
Liabilities to related parties	365	225
Liabilities due to social insurance and other tax charges	6,711	14,380
Investment liabilities	4,063	4,229
Subsidies received	-	1,479
Provision for leave	9,897	7,037
Reserve on costs relating to the current period, to be incurred in the future	11,137	25,673
Other payables	4,241	2,257
Special funds (Social Services Fund and Residential Fund)	1,845	1,226
Total liabilities	153,870	127,714

The fair value of trade and other payables is close to the balance sheet value presented above.

3.9 Long-term Contracts

	6 months ended 30 June 2007	6 months ended 30 June 2006
Revenues due to long-term contracts recognised in the reporting period	53 728	59 205
a) revenues from completed contracts recognised in the reporting period	18 101	13 895
b) revenues from contracts not completed recognised in the reporting period	35 627	45 310

Due to the fact that the company applies the rule of determining the degree of work progress in proportion to the share of incurred costs in the entire costs of a contract, the sum of incurred costs and recognised results corresponds to revenues.

At the end of the reporting period, long-term contracts were valued in accordance with the degree of work progress. Changes in settlements due to long-term contracts recognised in assets and liabilities between 31 December 2006 and 30 June 2007 amounted to 3.13 million PLN.

3.10 Credits and Loans

	30 June 2007	31 December 2006
Non-current		
Bank credits	69,811	51,471
Loans	-	-
	<hr/> 69,811	<hr/> 51,471
Current		
Bank overdraft	-	-
Loans	594	592
Bank credits	3,581	2,441
	<hr/> 4,175	<hr/> 3,033
Total credit and loans	<hr/> 73,986	<hr/> 54,504

Investments credits

ComArch S.A. credit lines:

- a) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw in amount of 20 million PLN for the financing of the first construction stage of production and office buildings in the Special Economic Zone in Krakow. The crediting period may last a maximum of 10 years, i.e. until 2015. This credit has a variable interest rate. As at 30 June 2007, the value of the credit to be repaid amounted to 16 million PLN. A promissory note, the mortgage on land and the building insurance policy are security for this credit.
- b) An investment credit from Kredyt Bank S.A. with its registered seat in Warsaw, for the financing of the second construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 80 % of the investment value up to a maximum of 26.82 million PLN. The crediting period may last a maximum of 16 years at a variable interest rate. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 30 June 2006, the value of the credit to be repaid amounted to 26.76 million PLN.
- c) An investment credit from Fortis Bank Polska S.A. with its registered seat in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to 85 % of the investment value up to a maximum of 30,000,000 PLN. The crediting period may last a maximum of 16 years at a variable interest rate and should be taken out by 28 September 2007. A promissory note, the mortgage on land and the building insurance policy are security for this credit. As at 30 June 2007, the value of the credit to be repaid amounted to 15.45 million PLN.
- d) An investment credit from Bank BPH S.A. with its registered seat in Warsaw, for the financing of purchase of land in the Special Economic Zone in Krakow. The credit amounts to 15.1 million PLN. The crediting period may last a maximum of 5 years at a variable interest rate. The mortgage on the land is security for this credit. As at 30 June 2006, the value of the credit to be repaid amounted to 15.1 million PLN.

The value of liabilities due to bank credits was recognised in the amount of depreciated cost that was determined using the effective interest. The fair value of liabilities due to credits and loans does not differ significantly from the balance sheet value.

The exposure of the Group's bank credits to interest rate risk arises from investment credits (at variable interest rates). The Group optimises interest by continuously monitoring its interest rate structure and appropriately adjusting the basic interest rate of its credits.

The exposure of Group bank credits to interest rate changes:

At 30 June 2007	6 months or less	6-12 months	1-5 years	Over 5 years	Total
Investments credits	1,421	2,047	36,441	33,370	73,279
Interest	113	-	-	-	-
	<hr/> 1,534	<hr/> 2,047	<hr/> 36,441	<hr/> 33,370	<hr/> 73,392

The maturity of non-current bank credits, loans and financial liabilities:

	30 June 2007	31 December 2006
Between 1 and 2 years	4,861	4,142
Between 2 and 5 years	31,580	13,577
Over 5 years	33,370	33,752
	<hr/> 69,811	<hr/> 51,471

Currency structure of the balance sheet values of credits, loans and financial liabilities:

	30 June 2007	31 December 2006
In Polish currency	73,986	54,504
	73,986	54,504

The effective interest rates at the balance sheet date:

	30 June 2007	31 December 2006
	PLN	PLN
Bank credits	5.27 %	5.34 %
Loans	2.95 %	2.95 %

Current credit lines (available, undrawn at the balance sheet date)

	30 June 2007	31 December 2006
At variable interest:		
– expiring within one year	20,000	10,000
	20,000	10,000

3.11 Contingent Liabilities

On 30 June 2007, the value of bank guarantee and letters of credit issued by banks on order from ComArch S.A. in reference to executed agreements and participation in tender proceedings was 47.29 million PLN, whereas it was 32.02 million on 31 December 2006.

Granted credit lines for financing of current activities (guarantees, letters of credit)

	30 June 2007	31 December 2006
Credit lines *	90,000	67,000
	90,000	67,000

(*) they comprise credit lines at current account that are described in 3.10

In the second quarter of 2007, the company signed with Bank BPH S.A. an Annex no. 2 an Agreement on multipurpose and multicurrency credit line dated 3 June 2005. It increases credit limit by 14 million PLN up to 38 million PLN. The company announced details in current report no. 7/2007.

On 30 June 2007, the value of ComArch S.A. suretyships for the debts of Interia.pl S.A. from lease agreements amounted to 0.024 million PLN (compared to 0.094 PLN on 31 December 2006).

The ComArch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is 1.4 million PLN (proceedings of MKS Cracovia SSA consist almost 90 % of this number). In the opinion of the Management Board and based on the opinions of legal advisors, there are no circumstances suggesting the appearance of significant obligations on this account and, as a result, provisions for the amount of potential claims were not recognised in the financial statement.

As at 30 June 2007, the Group did not have any contractual obligations due to operational leasing agreements.

3.12 Deferred Income Tax

1. As a result of Poland joining the European Union, an act was passed on 2 October 2003 that changed the act on special economic zones and certain other acts (Journal of Laws No. 188 Item 1840) that changed the conditions for tax exemptions for entities operating in special economic zones. Pursuant to the article 6, section 1 of this act, these entities may apply for changes to the terms and conditions of their permits in order to adjust them to the principles for granting public aid in force in the European Union. Pursuant to the article 5, section 2 point 1 lit. b), point 2, point 3 of the act, the maximum amount of public aid for entities, which operate in a special economic zone on the basis of a permit issued before 1 January 2000, cannot exceed 75 % of the value of investments incurred in the period from the date of obtaining the permit until 31 December 2006, provided that in determining the maximum amount of public aid, the total amount of public aid obtained since 1 January 2001 is taken into consideration. This means a change in the current method of granting tax relief (public aid) from unlimited relief to relief that is limited in value and depends on the value of investments made. In the case of ComArch S.A., the maximum value of public aid will not exceed 75 % of the value of investment expenditures, which the company has incurred/shall incur since obtaining the permit, i.e. 22 March 1999, until 31 December 2006.

The costs of investments and the amount of aid are subject to discounting pursuant to Par. 9 of the Regulation of the Ministry from 14 September 2004 on the Krakow Special Economic Zone (Journal of Laws 220 Item 2232) with wording changed pursuant to Par. 1 of the Regulation of the Ministry from 8 February 2005 that changed the Ordinance on the Krakow Special Economic Zone (Journal of Laws No. 32 Item 270) and with Par. 2 of the latter Ordinance taken into consideration.

ComArch S.A. approached the Minister of the Economy in order to change the terms and conditions of its permit. On 1 July 2004, it received a decision from the Minister of the Economy dated 24 June 2004 on the topic of changes to the terms and conditions of the permit (those mentioned above and those compliant with the act). The updated permit

extended the period in which ComArch S.A. is entitled to use public aid for investments incurred in the special economic zone until 31 December 2017.

Pursuant to IAS 12, unused tax relief as at 30 June 2007 constitutes a deferred income tax asset. The limit of the unused investment relief as at 30 June 2007, discounted as at the permit date, is 30.01 million PLN.

As at 30 June 2007, the company presented a deferred income tax asset in the income statement due to activities in the SSE (hereinafter referred to as the "Asset") that was worth 4.62 million PLN. This Asset will be realised successively (as write-offs diminishing net profit of the Group) in proportion to the generation of ComArch's tax-exempt income. Within the 6 months of 2007, the Asset was dissolved that was worth 2.2 million PLN (from the amount of 6.81 million PLN that was recognised at 31 December 2006). At the same time, pursuant to IAS12, the company will regularly verify the valuation of the Asset considering the possibilities of its realisation and further recognition. Additionally, the company signifies that the recognition of this Asset does not have any influence on cash flow in the company and in the Group (both the recognition and realization of the Asset). This is an accrual based operation and is a result of the fact that the Group applies IFRS when preparing consolidated financial statements of the Group.

ComArch S.A. approached in order to get a new permit because it is still going to invest in the Special Economic Zone. The company received the permit on 17 April 2007.

2. Within 2 quarters of 2007 the Group settled in part a deferred tax asset related to temporary differences that was recognised on 31 December 2006 and worth 0.82 million PLN; and the Group dissolved a deferred tax provision that was recognised in 2006 and worth 0.07 million PLN. At the same time, an asset due to temporary differences was recognised in the amount of 1.56 million PLN as well as deferred tax provision in the amount of 0.16 million PLN. The total effect of the above-mentioned operations on the result of 2007 was 0.65 million PLN.

3. Within 2 quarters of 2007 the Group reversed in part an asset due to tax loss in a subsidiary. The asset was recognised as at 31 December 2007 and worth 0.49 million PLN, including 0.25 million PLN in the second quarter of 2007.

The total effect of the all above-mentioned operations on the result of 6 months ended 30 June 2007 was -2.04 million PLN.

3.13 Earnings Per Share

	6 months ended 30 June 2007	6 months ended 30 June 2006
Net profit for the period attributable to equity holders of the company	17,699	23,142
Weighted average number of shares in issue (thousands)	7,692	7,271
Basic earnings per share (PLN)	2.30	3.18
Diluted number of shares (thousands)	7,761	7,844
Diluted earnings per share (PLN)	2.28	2.95

Basic earnings per share in the column '6 months ended 30 June 2007' is calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2007 to 30 June 2007 by the weighted average number of shares in issue between 1 January 2007 and 30 June 2007, where the number of days is the weight. Basic earnings per share in the column '6 months ended 30 June 2006' is calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2006 to 30 June 2006 by the weighted average number of shares in issue between 1 January 2006 and 30 June 2006, where the number of days is the weight.

Diluted earnings per share in the column '6 months ended 30 June 2007' is calculated by dividing the net consolidated profit attributable to equity holders of the company for the period from 1 January 2007 to 30 June 2007 by the sum of weighted average number of shares in issue between 1 January 2007 and 30 June 2007, where the number of days is the weight, and diluted number of shares resulting from the execution of the managerial option for 2007 according to terms of the option programme (pt 3.7.3) and diluted number of potential shares resulting from the possible execution of the managerial option for 2007 (according to IAS 33).

Diluted earnings per share in the column '6 months ended 30 June 2006' calculated by dividing the net profit attributable to equity holders of the company for the period from 1 January 2006 to 30 June 2006 by the weighted by the weighted average number of shares in issue between 1 January 2006 and 30 June 2006, where the number of days is the weight as well as diluted number of shares (according to IAS 33) providing dilution of shares related to possible execution of the managerial option for 2006, providing that the average capitalisation of ComArch S.A. at WSE in December 2005 would be equal to the average capitalisation in June 2006.

4. Additional Notes

4.1 Information About Shareholders and Shares Held by Members of the Management Board and the Board of Supervisors

a) Shareholders who directly or indirectly through subsidiary entities hold at least 5 % of the total number of votes at the ComArch S.A. general meeting as at 15 May 2007

- Elżbieta and Janusz Filipiak held 3,411,383 shares (42.85 % of the company's share capital), which gave them 10,367,383 votes at the AGM and constituted 68.98 % of all votes at the AGM;

- Customers of BZ WBK AIB Asset Management S.A. held 1,461,243 shares (18.36 % of company's share capital), which gave them 1,461,243 votes at the AGM and constituted 9.72 % of the total number of votes at the AGM.

b) Changes in holdings of ComArch S.A. shares by managing and supervising persons between 15 May 2007 and 14 August 2007

The following table presents the ownership of ComArch SA shares by management and supervisors as at the date on which the consolidated quarterly report for the first quarter of 2007 was published, i.e. 15 May 2007 and on 14 August 2007, pursuant to the information possessed by the company.

Members of the Management Board and the Board of Supervisors	Position	As at 14 August 2007		As at 15 May 2007	
		Shares	Share of votes at the AGM (%)	Shares	Share of votes at the AGM (%)
Elżbieta and Janusz Filipiak	Chairman of the Board of Supervisors and President of the Management Board	3,411,383	68.98 %	3,498,803	69.56 %
Rafał Chwast	Vice-President of the Management Board	5,552	0.04 %	28,118	0.19 %
Piotr Piątosza	Vice-President of the Management Board	10,776	0.07 %	10,776	0.07 %
Paweł Prokop	Vice-President of the Management Board	40,026	0.52 %	45,992	0.56 %
Piotr Reichert	Vice-President of the Management Board	-	0.00 %	-	0.00 %
Zbigniew Rymarczyk	Vice-President of the Management Board	21,772	0.14 %	21,772	0.14 %
Marcin Warwas	Vice-President of the Management Board	9,850	0.07 %	-	0.00 %
Number of shares issued		7,960,596	100 %	7,960,596	100 %

*) On 28 June 2007, The Annual General Meeting of ComArch S.A. appointed Piotr Reichert and Marcin Warwas for the posts of Vice-Presidents of the Management Board of ComArch S.A.

4.2 Factors and Events of Unusual Nature with Significant Effects on the Achieved Financial Results

As at 30 June 2007, the company presented a deferred income tax asset in the income statement due to activities in the SSE (hereinafter referred to as the "Asset") that was worth 4.62 million PLN. This Asset will be realised successively (as write-offs diminishing net profit of the Group) in proportion to the generation of ComArch's tax-exempt income. Within the 6 months of 2007, the Asset was dissolved that was worth 2.2 million PLN (from the amount of 6.81 million PLN that was recognised at 31 December 2006). At the same time, pursuant to IAS12, the company will regularly verify the valuation of the Asset considering the possibilities of its realisation and further recognition. Additionally, the company signifies that the recognition of this Asset does not have any influence on cash flow in the company and in the Group (both the recognition and realization of the Asset). This is an accrual based operation and is a result of the fact that the Group applies IFRS when preparing consolidated financial statements of the Group.

4.3 Annual General Meeting as at 28 June 2007

1) Announcement of AGM and Project of the Resolutions

On 1 June 2007, pursuant to art. 395 § 1 and art. 399 § 1 of the Commercial Companies Code and pursuant to § 14 of the company's Statute, the Management Board of ComArch S.A. convened the Annual General Shareholders Meeting of ComArch S.A., to be held at 09:00 o'clock on 28 June 2006, at Aleja Jana Pawła II 39A in Krakow, Poland. Agenda of the meeting was presented in the current report no. 19/2007. Projects of resolutions to be presented on AGM were published on 20 June 2007 and their modification - on 27 June 2007. Their content was published in the current reports no. 23/2007 and 26/2007.

2) Content of the Resolutions Passed at the AGM

On 28 June 2007, the AGM passed the resolutions related to:

- election of Rafał Chwast to the post of the Chairman of the Annual General Meeting;
- removing from the agenda of the meeting the point regarding the election of the Returns Committee and the point regarding to the changes in managerial option programme for members of the Management Board and Key Employees of the company that was passed at AGM on 30 June 2005;
- passing the agenda of the meeting;
- approving the company's financial statement for the fiscal year 1.01.2006 - 31.12.2006;
- approving the report of the Management Board regarding the activities of the company in 2006;
- approving the activity report of the company's Board of Supervisors for the fiscal year 1.01.2006 - 31.12.2006 and audit of the company's financial statement and audit of the report of the Management Board regarding company's activities in 2006;
- approving the financial statement of the Capital Group for the fiscal year 1.01.2006 - 31.12.2006;
- approving the report of the Management Board of ComArch S.A. regarding the activities of the Capital Group in 2006;
- approving the report of the company's Supervisors Board of the audit of the consolidated financial statement of the Capital Group and of the report of the Management Board regarding the activities of the Capital Group in 2006;
- distribution of the company's net profit for the fiscal year 1.01.2006 - 31.12.2006;
- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2006 - 31.12.2006;
- transfer of the net profit for the period 1.01.2004 - 31.08.2004 into supplementary capital (net profit of ComArch Kraków S.A. and CDN - ComArch S.A., consolidated with the company on 31 August 2004);
- covering of negative equity that arose as a result of consolidation of the company with ComArch Kraków S.A. and CDN - ComArch S.A. carried on 31.08.2004;
- transfer of reserve capital to supplementary capital;
- election of the Board of Supervisors:
 - Mrs. Elżbieta Filipiak to the post of the Chairman of the Board of Supervisors,
 - Mr. Maciej Brzeziński to the post of Vice-Chairman of the Board of Supervisors,
 - Mrs. Anna Ławrynowicz to the post of member of the Board of Supervisors,
 - Mr. Wojciech Kucharzyk to the post of member of the Board of Supervisors,
 - Mr. Tadeusz Syryjczyk to the post of member of the Board of Supervisors.

Mrs. Elżbieta Filipiak, Mr. Maciej Brzeziński, Mrs. Anna Ławrynowicz and Mr. Wojciech Kucharzyk were appointed for the next three years, and Mr. Tadeusz Syryjczyk is new member of the Board of Supervisors. Information about appointed members of the Board of Supervisors was published in the current report no. 31/2007.

- election of the Management Board:
 - Mr. Janusz Filipiak to the post of the President of the Management Board,
 - Mr. Rafał Chwast to the post of the Vice-President of the Management Board,
 - Mr. Paweł Prokop to the post of the Vice-President of the Management Board,
 - Mr. Piotr Piątośa to the post of the Vice-President of the Management Board,
 - Mr. Zbigniew Rymarczyk to the post of the Vice-President of the Management Board,
 - Mr. Marcin Warwas to the post of the Vice-President of the Management Board,
 - Mr. Piotr Reichert to the post of the Vice-President of the Management Board.

Mr. Janusz Filipiak, Mr. Rafał Chwast, Mr. Paweł Prokop, Mr. Piotr Piątośa and Zbigniew Rymarczyk were appointed for the next three years, and Mr. Marcin Warwas and Mr. Piotr Reichert are new members of the Management Board. Information about appointed members of the Board of Supervisors was published in the current report no. 31/2007;

- changes in the company's Statute
- passing a new managerial option programme for members of the board and key employees to be executed in 2008-2010.

The full content of the resolutions was published on 28 June 2007 in the current report no. 28/2007.

3) The list of the shareholders holding at least 5 % of the total number of votes at the AGM

According to the list of shareholders participating the Annual General Shareholders Meeting of ComArch S.A. on 28 June 2007, Elżbieta Filipiak and Janusz Filipiak as well as Arka BZ WBK Balanced Open Investment Fund, Arka BZ WBK Stable Growth Open Investment Fund and Arka BZ WBK Shares Open Investment Fund held at least 5 % of the total number of votes represented at this Meeting:

1. Janusz Filipiak-846,000 registered preference shares which gave 4,230,000 votes at the AGM, which constituted 37.87 % of the all votes at this AGM and which constituted 28.14 % of the total number of votes;
2. Elżbieta Filipiak-799,000 registered preference shares which gave 3,995,000 votes at the AGM, which constituted 35.76 % of the all votes at this AGM and which constituted 26.58 % of the total number of votes;
3. Married couple of Elżbieta and Janusz Filipiak-94,000 registered preference shares which gave 470,000 votes at the AGM, which constituted 4.21 % of the all votes at this AGM and which constituted 3.13 % of the total number of votes; as well as 1,695,495 ordinary bearer shares which gave 1,695,495 votes at the AGM, which constituted 15.18 % of the all votes at this AGM and which constituted 11.28 % of the total number of votes.

4. Arka BZ WBK Balanced Open Investment Fund, Arka BZ WBK Stable Growth Open Investment Fund and Arka BZ WBK Shares Open Investment Fund - 740,000 ordinary bearer shares which gave 740,000 votes at the AGM, which constituted 6.62 % of the all votes at this AGM and which constituted 4.92 % of the total number of votes.

The total number of votes from all emitted ComArch S.A. shares is 15,029,396. Shareholders participating the Annual General Shareholders Meeting of ComArch S.A. on 28 June 2007 held shares giving 11,170,595 votes.

4.4 Corporate Governance in ComArch S.A.

Pursuant to the rule number 2 of the Corporate Governance Principles, ComArch S.A.'s Management Board reports that ComArch S.A.'s Board of Supervisors gave a positive opinion on projects of the resolutions at the AGM, to be held on 28 June 2007.

According to the rule no. 18 of the Corporate Governance, ComArch S.A.'s Management Board conveyed the 2006 activities' report of ComArch S.A.'s Board of Supervisors including assessment of the company's situation in 2006.

Report of ComArch S.A. Board of Supervisors' activities in 2005

The Board of Supervisors held 4 meetings in 2006 (on 28 March, 19 June, 25 September, 20 December). Furthermore the Board of Supervisors passed the resolutions in correspondence mode on 8 November and 1 December. Four persons of the five members of the Board of Supervisors were present at the Board of Supervisors' Meetings averagely. Main subjects of the Board of Supervisors' meetings were:

- a) monitoring and analysis of financial situation of the company and the Capital Group,
- b) assessment of the strategy realisation by the company's Management Board,
- c) analysis and rating of risk related to the company's activity,
- d) official and legal matters.

According to the Board of Supervisors, ComArch Capital Group gained very good and the best in its history financial results. Revenues from sales increased by 11 % in comparison to the last year and at the same time net profit increased by 88 % (to the amount of 28.1 million PLN). The operating profit increased by 66.5 % to the amount of 45.6 million PLN. EBIT margin increased from the level of 6.2 % to the level of 9.3 % and net margin from the level of 6.3 % to the level of 10.7 %. It is noteworthy that improvement in the Group's profitability came about with the simultaneous increase in employment in the Group to the level of 1,836 persons, i.e. 607 persons more than at the beginning of the year (excluding those employed in MKS Cracovia SSA). It is also noteworthy the return on equity in the amount of 21.8 % compared to 19.1 % in the previous year. The Board of Supervisors is very satisfied that very favourable financial results achieved by the Group have led to the increase in the price of ComArch S.A. shares of almost 200 %. Profit per share increased by 76 % from the level of 4.06 PLN in 2005 to 7.13 in 2006.

The Board of Supervisors assessed positive the strategy which is realised by the company based on proprietary products and international expansion. The ComArch brand, after several years of international expansion, is steadily gaining worldwide recognition and is associated with technologically advanced IT systems and a modern customer focused approach. In the Board of supervisors' opinion the prognosis for the future is good with contracts signed in 2006 with such companies as Auchan and T-Mobile. At the same time, the maintaining of sectoral and geographical diversification of revenues protects ComArch Group before business fluctuation in particular sections of the economics and regions of the world. Maintenance of intensive investment in new technologies, innovative products and human resources realised by financing of R&D works and constant development of production background in Krakow, in foreign branches and in foreign competence centres are significant for long-term development of ComArch Group.

The originals of these documents are located at the company's headquarters - al. Jana Pawla II 39a, Krakow, Poland. They are also available at <http://www.comarch.com/en/Invest+in+Comarch/Financial/>. The Management Board of ComArch S.A. presented the list of current reports and financial statements made public in 2006 in the current report no. 8/2007.

4.5 Events After the Balance Sheet Date

1) Registration of Changes in the Company's Statute

On 12 July 2007, the District Court for Kraków-Śródmieście, XI Economic Division of the National Court Register registered changes in the company's Statute resolved by the General Meeting on 28 June 2007. The previous article 8, section 4 of the company's Statute is worded as follows:

"4. Disposal of registered preferential share results in expiration of specific rights for voting in the General Meeting related to it, whereat the following circumstances doesn't result in expiration of specific rights for voting in the General Meeting related to it:

- a) disposal for the benefit of persons who were shareholders of the company on 18 March 1998,
- b) disposal for the benefit of descendants of a disposer,
- c) conveying property of a registered share as a result of succession."

The previous article 9, section 3 of the company's Statute is worded as follows:

"3. In the period by 27 June 2010, the Management Board is authorised to increase the share capital by the amount of 1,100,000.00 PLN (in words: one million one hundred thousand PLN) (the target capital)."

2) Transactions of Disposal of ComArch S.A. Shares

On 10 July 2007, married couple of a supervising person and a managing person sold 22,420 ordinary bearer shares of ComArch S.A. at average price of 223.66 PLN every share. Information was prepared on 13 July 2007 in Krakow.

On 9 July 2007 and 10 July 2007, a member of ComArch S.A.'s Management Board sold 5,966 ordinary bearer shares of ComArch S.A. at average price of 223.88 PLN every share. Information was prepared on 16 July 2007 in Krakow.

The above-mentioned transactions were concluded on regulated market-Warsaw Stock Exchange.

3) Disposal of ComArch S.A. Shares by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (Investment Funds)

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., on behalf of Arka BZ WBK Share Open Investment Fund, Arka BZ WBK Stable Growth Open Investment Fund, Arka BZ WBK Balanced Open Investment Fund as well as Lukas Open Investment Fund (hereinafter referred to as the "Funds"), informed that, as a result of disposal of the shares, which was settled on 16 July 2007, the above-mentioned Funds hold less than 5 % in total number of votes at ComArch S.A.'s annual general meeting.

Prior to the above-mentioned share decrease, Funds held 751,533 of the company's shares, which constituted 9.44 % of the equity. This gave 751,533 or 5.00 % of the total votes at ComArch S.A.'s annual general meeting.

On 16 July 2007, there were 746,533 ComArch S.A. shares in the securities accounts of Funds, which consisted 9.38 % of the equity. This gave 746,533 or 4.97 % of the total votes at ComArch S.A.'s annual general meeting.

4.6 Significant Legal, Arbitration or Administrative Proceedings

In the second quarter of 2007 the Group's parties did not sue and were not sued in proceedings which fulfil the criterion specified in § 91 Act 6 pt 7a) and 7b) of the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies listed on the stock exchange.

The ComArch Group is the defendant in legal proceedings, in which the total amount of third party claims is 1.4 million PLN (proceedings of MKS Cracovia SSA consist almost 90 % of this number). In the opinion of the Management Board and based on the opinions of legal advisors, there are no circumstances suggesting the appearance of significant obligations on this account and, as a result, provisions for the amount of potential claims were not recognised in the financial statement.

4.7 The Management Board's Position on the Execution of Previously-Published Forecasts

The Management Board did not forecast any results for the second quarter of 2007.

4.8 Information About Transactions with Related Parties Whose Total Amount from the Beginning of the Year Exceeds 500,000 EURO (other than routine transactions)

None present.

4.9 Information about Suretyship and Bank Guarantees Provided by the Company and Its Subsidiaries

In the second quarter of 2007, ComArch S.A. and its subsidiaries did not provide any suretyships nor bank guarantees referred to in § 91 sec. 6. pt. 9) of the Regulation issued by the Minister of Finance on 19 October 2005 concerning current and periodical information pertaining to companies listed on the stock exchange.

4.10 Other Information Significant for the Assessment of Means and Employees, Financial Rating, Financial Results and Their Changes and Information Significant for the Assessment of the Possibility of the Execution of Obligations by their Issuers

None present.

5. Significant Achievements and Failures as well as Factors and Events with Considerable Impact on the Financial Results of the ComArch Group in the Second Quarter of 2007 and Factors Which Will Substantially Impact Results Over the Course of at least the Next Quarter

Revenues and profit

The second quarter of 2007 continued the sequence of growth in which the ComArch Group achieved very favourable results. It is worth noting the significant growth of sales revenues that amounted to 172.03 million PLN in the second quarter, meaning they had increased by 90.4% comparing to the second quarter of 2006 (90.37 million PLN). Within the first half of the year revenues from sales increased by 44.7 % (270.41 million PLN in the first half of 2007 contrastive to 186.82 million PLN in the first half of 2006). This results from a significant rise in the sales of proprietary services, hardware and third-party software. Services and proprietary software remained the most important part of revenues and they in total amounted to 158.73 million PLN in the first half of 2007 (an increase of 27.6 million PLN, i.e. 17.4 % compared to 2006). In the first half of 2007, sales of hardware amounted to 66.87 million PLN and increased by 29.55 million PLN, i.e. 79.2 % compared to the parallel period of 2006, mostly as a result of the execution of an agreement with the Ministry of National Education (MNE) on the delivery of hardware to schools.* A decrease in EBIT margin (from 10.3 % to 7.1 %) is a natural consequence of such a significant increase in sales of hardware and third-party software. A hypothetical EBIT margin (operating profit divided by total revenues from sales diminished by revenues from contract with MNE) would amount to 8.2 %. Growth in employment and increased remuneration in the IT sector also had an effect on the level of profitability. As at 30 June 2007, the ComArch Group had 2,721 employees, i.e. 257 more people than at the beginning of the year (an increase of 10.4 %).

In the second quarter of 2007, operating profit increased by 7.17 % and reached 10.4 million PLN compared to 9.71 million in the second quarter of 2006. Net profit attributable to the company's shareholders within this period reached the same level as in the previous year (7.70 million PLN compared to 7.75 million PLN in the previous year). The operating profit for the first quarter of 2007 was at a similar level as the operating profit reached in 2006 (19.26 million PLN compared to 19.23 million PLN), and net profit attributable to the company's shareholders decreased from 23.14 million PLN to 17.7 million PLN, but one ought to remember that in the first quarter of 2006, there was a sale of Interia.pl shares, that increased net profit for 2006 by 7.21 million PLN.

A detailed analysis of the Group, i.e. after eliminating one-off events (the effects of the recognition and settlement of the deferred tax asset, the costs of the managerial option programme and the sale of Interia shares) presents an increase in the value of nominal net profit for 2007. The net profit attributable to the company's shareholders after eliminating the above-mentioned one-off events amounted to 20.29 million PLN compared to 19.81 million PLN in the first half of 2006. In the first half of 2007, the adjusted EBIT margin amounted to 7.3 % (compared to 11.2 % in the previous year), and the adjusted net margin was 7.5 % (compared to 10.6 % in the previous year).

*) Net value of the contract with MEN was 41.58 million PLN, including 36.77 million PLN that was invoiced in the second quarter 2007.

The table below presents selected financial data in nominal value (calculated according to IFRS) and in adjusted value (after the elimination of one-off events):

	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006
Revenues from sales	172,033	90,370	270,409	186,824
Depreciation	4,162	3,071	8,101	6,174
Nominal EBIT (according to IFRS)	10,403	9,707	19,258	19,233
Earnings impact of the costs of the managerial option	-277	-820	-553	-1639
Adjusted EBIT	10,680	10,527	19,811	20,872
Nominal net profit per company shareholders (according to IFRS)	7,701	7,747	17,699	23,142
Earnings impact of the costs of the managerial option	-277	-820	-553	-1639
Earnings impact of an asset due to temporary differences	-2,015	-1,042	-2,039	-2,239
Earnings impact of the sale of Interia.PI shares	-	-	-	7,210
Adjusted net profit per company shareholder	9,993	9,609	20,291	19,810
Nominal EBITDA (EBIT + depreciation)	14,565	12,778	27,359	25,407
Adjusted EBITDA (EBIT + depreciation)	14,842	13,598	27,912	27,046
Nominal EBIT margin	6.0 %	10.7 %	7.1 %	10.3 %

Adjusted EBIT margin	6.2 %	11.6 %	7.3 %	11.2 %
Nominal net margin	4.5 %	8.6 %	6.5 %	12.4 %
Adjusted net margin	5.8 %	10.6 %	7.5 %	10.6 %
Nominal EBITDA margin	8.5 %	14.1 %	10.1 %	13.6 %
Adjusted EBITDA margin	8.6 %	15.0 %	10.3 %	14.5 %

The achieved financial results confirm the effectiveness of the Group's strategy – a strategy that is based on:

- the sale of IT solutions, most of which are developed in-house;
- the sale of an increasing number of products on international markets;
- the stable improvement of operational performance through the ongoing improvement of procedures and cost rationalization.

The dynamic growth of the ComArch Group and the achieved financial results are a result of the competitive edge currently possessed by the Group. This competitive advantage also enables the further expansion and improvement of the suite of offered products as well as the employment of the best IT professionals, which further enhances the Group's future competitiveness. Confirmation of this can be seen in the current order portfolio.

Sales structure

In the first half of 2007, there was a change in the product sales structure due to a proportionally higher increase in sales of hardware and third-party software (a total increase of 55.98 million PLN, i.e. 115.1 %) compared to an increase in sales of services and proprietary software of ComArch (a total increase of 27.6 million PLN, i.e. 21 %). As a result, in the first half of 2007, services and proprietary software constituted 58.7 % of revenues from sales compared to 70.2 % in the previous year. The increase in hardware sales mainly results from the delivery of hardware to schools (contract with MEN). Remaining sales have maintained the same level as in 2006, and the share in the total sales decreased to 2.6 %. After eliminating this contract, the share of services and proprietary software would remain at a similar level to those in the first half of 2006 (68 %).

Products sales structure	Q1-Q2 2007	%	Q1-Q2 2006	%
Services	131,668	48.7 %	110,229	59.0 %
Proprietary software	27,061	10.0 %	20,900	11.2 %
Third-party software	37,743	14.0 %	11,314	6.1 %
Hardware	66,869	24.7 %	37,317	20.0 %
Others	7,068	2.6 %	7,064	3.7 %
	270,409	100.0 %	186,824	100.0 %

Products sales structure (excluding contract with MEN)	Q1-Q2 2007	%	Q1-Q2 2006	%
Services	131,668	56.4 %	110,229	59.0 %
Proprietary software	27,061	11.6 %	20,900	11.2 %
Third-party software	37,743	16.2 %	11,314	6.1 %
Hardware	30,099	12.9 %	37,317	20.0 %
Others	7,068	2.9 %	7,064	3.7 %
	233,639	100.0 %	186,824	100.0 %

In the first half of 2007, there was a significant increase in sales to the public sector (an increase from 13.6 % to 29.6 %). The increase in sales to this sector is mostly a result of deliveries of hardware to schools in the second quarter. It is important to note that in the first half of 2007 there was a significant growth of revenues from sales to all other market sectors, especially to the clients in Telecommunications, Finance and Banking as well as the Industry & Utilities sectors. There was only a slight decrease in sales to the Trade and Services sector. Changes in the shares of sales sectors result from the above-mentioned deliveries to the public sector. After eliminating their influence, the market sales structure would remain similar to those in the first half of 2006. For several years, the shares of particular sectors and types of sales have remained relatively at the same level. Possible fluctuations are related to periodical increases in hardware sales within the framework of the public sector.

Market sales structure	Q1-Q2 2007	%	Q1-Q2 2006	%
Telecommunications, Media, IT	54,851	20.3 %	43,222	23.1 %
Finance and Banking	47,481	17.6 %	40,547	21.7 %
Trade and services	32,732	12.1 %	35,045	18.8 %
Industry & Utilities	29,137	10.8 %	18,998	10.2 %
Public sector	80,112	29.6 %	25,382	13.6 %
Small and Medium-Seized Enterprises	20,202	7.5 %	19,056	10.2 %
Others	5,894	2.1 %	4,574	2.4 %

	270,409	100.0 %	186,824	100.0 %
Market sales structure (excluding contract with MEN)	Q1-Q2 2007	%	Q1-Q2 2006	%
Telecommunications, Media, IT	54,851	23.5 %	43,222	23.1 %
Finance and Banking	47,481	20.3 %	40,547	21.7 %
Trade and services	32,732	14.0 %	35,045	18.8 %
Industry & Utilities	29,137	12.5 %	18,998	10.2 %
Public sector	43,342	18.6 %	25,382	13.6 %
Small and Medium-Seized Enterprises	20,202	8.6 %	19,056	10.2 %
Others	5,894	2.5 %	4,574	2.4 %
	233,639	100.0 %	186,824	100.0 %

The consistent increase in the share of export sales in the total sales is a positive trend. In the first half of 2007, export in sales reached 52.19 million PLN and increased by 9.88 million PLN compared to the previous year (an increase of 23 %). The share of export in revenues from sales decreased from 22.6 % to 19.3 %; however it is a result of a significant increase in revenues from domestic sales related to the deliveries of hardware to schools (the contract with MEN). The share of export sales in total sales diminished by the contract with MEN has remained at the same level as in the first half of 2006 (22.3 %). A constant increase in the share of export sales remains one of the main strategic trends in the development of the Group.

Geographical sales structure	Q1-Q2 2007	%	Q1-Q2 2006	%
Domestic	218,217	80.7 %	144,515	77.4 %
Export	52,192	19.3 %	42,309	22.6 %
	270,409	100.0 %	186,824	100.0 %

Geographical sales structure (excluding contract with MEN)	Q1-Q2 2007	%	Q1-Q2 2006	%
Domestic	181,447	77.7 %	144,515	77.4 %
Export	52,192	22.3 %	42,309	22.6 %
	233,639	100.0 %	186,824	100.0 %

The revenues structure shows that the sales of the ComArch Group's are well diversified and the Group is not dependant on only one sector, client or product sold. This structure of revenues significantly reduces the risk of operational activities related to possible heterogeneous growth rates of particular sectors in a given year.

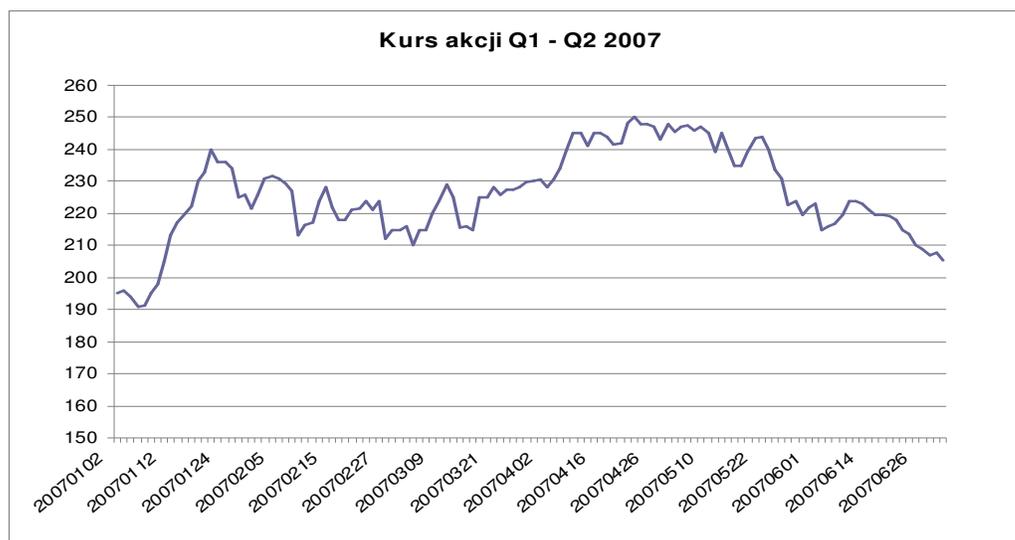
Backlog

At the end of July 2007, backlog for the current year was at a level of 487.18 million PLN and was up by over 26 % from the same period in the previous year. The share of export contracts in the revenues from sales has remained at a constant level of about 20 %. A decrease in the share of sales of licences and proprietary software has resulted from the contract for the delivery of hardware to schools concluded in the second quarter of 2007 (the contract with MEN). After excluding this contract from the backlog, an increase would be 15.4 %, the share of export contracts would be 21.5 %, and the share of services and proprietary software would amount to 68.7 % of the total backlog. The significant increase in backlog compared to the previous year confirms the capability of the ComArch Group's development in the period to come.

Backlog for the current year	As at 31 July 2007	As at 31 July 2006	Change
Revenues contracted for the current year	487.176	386,072	26.2 %
including export contracts	95.618	78,880	21.2 %
<i>% of export contracts</i>	<i>19.6 %</i>	<i>20.4 %</i>	
including services and proprietary software	306,037	274,640	11.4 %
<i>% of services and proprietary software</i>	<i>62.8 %</i>	<i>71.1 %</i>	

Backlog for the current year (excluding contract with MEN)	As at 31 July 2007	As at 31 July 2006	Change
Revenues contracted for the current year	445,599	386,072	15.4 %
including export contracts	95,618	78,880	21.2 %
% of export contracts	21.5 %	20.4 %	
including services and proprietary software	306,037	274,640	11.4 %
% of services and proprietary software	68.7 %	71.1 %	

ComArch S.A. stock price performance



The Group's results in the next quarters will depend in most part on continuing positive trends in the economy, the financial situation of medium-sized and large enterprises (which constitute the basis of the Group's clients) and the rate of increases in the remuneration of IT employees.

In Q2 2007 the following events that greatly impacted the current activities of the ComArch Group took place:

1) Contract with TeleYemen

In June 2007 a contract was signed between ComArch S.A. and TeleYemen (Yemen International Telecommunications) with its registered seat in Yemen. The scope of the agreement are sales of licences and implementation of ComArch BSS billing platform. The value of this agreement amounts to 2,100,800.00 USD. TeleYemen is the largest operator that renders services of international telephone connections and CDMA mobile telephony in Yemen. Beside the projects that are managed in Yemen and United Arab Emirates, the signed contract, is another step in strengthening of ComArch's position in the orient, the region of great demand on advanced services and IT systems.

2) Contract with Ministry of Finance

On 31 May 2007 a contract between ComArch S.A. and Ministry of Finance with its registered seat in Warsaw, at ul. Świętokrzyska 12 was signed. This is contract for hardware and software delivery and services rendering for Poltax system. The gross value of this agreement amounts to 27,596,797.72 PLN. Hardware and software delivery and services rendering related to delivery will be executed during 3 months, and within the framework of dedicated support services rendering, the scope of the agreement will be executed during 3 years from the date of delivery and execution of associated services. The company announced details in current report no. 17/2007.

3) Agreement with the Ministry of National Education

On 30 April 2007, an agreement between ComArch and the Ministry of National Education was signed. This contract is for the delivery, installation and network connection of 961 computer labs in primary schools, junior high schools, post-junior high schools and post-secondary schools located in the area of the second Region that includes the provinces: Małopolskie and Podkarpackie. The net value of this agreement amounts to 41,577,276 PLN. The contract

will be carried out during a 70 day period beginning from the date of the contract signing, warranty service will be provided during a 36 month period beginning from the delivery date. The company announced details in current report no. 11/2007.

4) Contracts with Ogólnopolska Fundacja Edukacji Komputerowej (OFEK)

On 30 April 2007, a contract with OFEK was signed with a net value of 33,031,809.29 PLN and on 9 May 2007 with net value of 16,398,680.50 PLN. As a result, the total value of contracts signed between ComArch and OFEK during the last 12 months exceeds 10 % of ComArch's equity and in total fulfil the significant agreement criterion. The contract with the highest value is the above-mentioned agreement dated 30 April 2007. Within the framework of this agreement, OFEK will deliver hardware, build the network, install computer labs and connect them to the existing network as well as integrate all elements. The net contract value is 33,031,809.29 PLN. The contract will be executed during a 67 day period of time beginning from the date of signing the contract, warranty service will be provided for a minimal period of 36 months beginning from the delivery date. The total value of contracts signed with OFEK during the last 12 months is circa 64 million PLN. The company announced details in current report no. 12/2007.

5) Resignation of a Vice-President of the Management Board of ComArch S.A.

On 6 June 2007, the Management Board of ComArch S.A. received an information on resignation of Mr. Paweł Przewięźlikowski, Vice-President of ComArch S.A.'s Management Board. Mr. Przewięźlikowski declared a wish to found a private firm.

After the balance sheet date:

1) Signing a Contract for Execution of the First Stage of e-PUAP - Electronic Platform of Public Administration Services

On 2 July 2007, ComArch S.A.'s Management Board received a contract between ComArch S.A. and Ministry of Interior and Administration on implementation of ePUAP (Electronic Platform of Public Administration Services) IT system. Gross value of the signed contract amounts to circa 13.77 million PLN. Completion date of this project was established on 31 May 2008.

ePUAP is the main project related to the Information Technology Plan for Poland in 2007-2010. ePUAP shall be a common infrastructure which allows any public administration unit to provide electronic access to public services for the citizens, entrepreneurs and other public administration units. In the future, the launched platform will enable defining of another processes that serve citizens and enterprises as well as create access to the particular public administration domain systems (both central and city-governmental). It will also enable development of public e-services. The designed system is one of the so-called e-Government projects that will enable realisation of central and regional public services which need the access to so-called base registers.

VI. Quarterly Summary of the ComArch S.A. Financial Statement for the Second Quarter of 2007

I. Balance Sheet

(PLN thousands)	30 June 2007	31 March 2007	30 December 2006	30 June 2006
ASSETS				
I. Non-current assets	215,081	181,204	184,564	147,283
1. Intangible assets	3,247	3,432	3,521	2,322
2. Property, plant and equipment	171,942	145,711	142,195	106,784
3. Non-current investments	36,210	29,191	36,293	37,996
3.1. Non-current financial assets	36,167	29,148	36,250	37,953
a) in related parties	36,167	29,063	36,247	37,896
b) in other entities	-	85	3	57
3.2 Other non-current investment	43	43	43	43
4. Non-current prepayments	3,682	2,870	2,555	181
4.1 Deferred income tax assets	3,507	2,770	2,428	-
4.2 Other prepayments	175	100	127	-
II. Current assets	271,305	217,025	242,672	171,584
1. Inventories	40,955	22,951	19,498	21,392
2. Current receivables	158,313	108,162	145,104	97,294
2.1 from related parties	17,253	19,929	20,231	17,798
2.2 from other entities	141,060	88,233	124,873	79,496
3. Current investments	41,773	59,379	51,525	8,034
3.1 Current financial assets	41,773	59,379	51,525	8,034
a) in related parties	1,450	7,714	1,250	250
b) in other entities	128	2,192	346	225
c) Cash and cash equivalents	40,195	49,473	49,929	7,559
4. Short-term prepayments	30,264	26,533	26,545	44,864
Total assets	486,386	398,229	427,236	318,867
EQUITY AND LIABILITIES				
I. Equity	253,099	243,935	238,691	221,066
1. Share capital	7,960	7,519	7,519	7,519
2. Supplementary capital	230,245	172,097	172,097	-7,334
3. Revaluation reserve	6	6	6	172,097
4. Other reserve capitals	745	21,948	21,948	19
5. Capital from merger settlement	-	-7,334	-7,334	21,948
6. Previous years' profit (loss)	176	44,455	1,992	1,992
7. Net profit (loss)	13,967	5,244	42,463	24,825
II. Liabilities and provisions for liabilities	233,287	154,294	188,545	97,801
1. Provisions for liabilities	955	846	878	-
1.1 Provision for deferred income tax	941	846	878	-
1.2 Other provisions	14	-	-	-
2. Non-current liabilities	70,192	51,093	51,904	18,421
2.1 to related parties	381	370	433	497
2.2 to other entities	69,811	50,723	51,471	17,924
3. Current liabilities	134,640	77,016	95,151	49,685
3.1 to related parties	5,492	5,367	4,654	3,338
3.2 to other entities	127,359	69,561	89,302	44,953
3.3 Special funds	1,789	2,088	1,195	1,394
4. Accruals	27,500	25,339	40,612	29,695
4.1 Other accruals	27,500	25,339	40,612	29,695
a) current	27,500	25,339	40,612	29,695
TOTAL EQUITY AND LIABILITIES	486,386	398,229	427,236	318,867

Book value	253,099	243,935	238,691	221,066
Number of shares	7,960,596	7,518,770	7,518,770	7,518,770
Book value per single share (PLN)	31.79	32.44	31.75	29.40
Diluted number of shares	7,761,178	8,005,486	7,957,360	7,855,760
Diluted book value per single share (PLN)	32.61	30.47	30.00	28.14

II. Income Statement

For the periods 01.01 – 31.03.2007 and 01.01-31.03.2006 (thousands of PLN)	Q2 2007	6 months ended 30 June 2007	Q2 2006	6 months ended 30 June 2006
I. Net revenues from sales of products, goods and materials, including:	160,327	246,282	86,096	175,024
- revenues from related parties	7,297	15,151	4,584	9,867
1. Net revenues from sales of products	67,834	134,854	64,797	127,786
2. Net revenues from sales of goods and materials	92,493	111,428	21,299	47,238
II. Costs of products, goods and materials sold, including:	130,544	192,160	58,634	120,266
- to related parties	3,498	8,659	6,708	7,135
1. Manufacturing cost of products sold	51,869	96,845	39,784	76,539
2. Value of products, goods and materials sold	78,675	95,315	18,850	43,727
III. Gross profit (loss) on sales	29,782	54,122	27,462	54,758
IV. Costs of sales	8,021	17,140	8,340	17,996
V. Administrative expenses	6,921	13,340	6,661	12,925
VI. Profit/loss on sales	14,840	23,642	12,461	23,837
VII. Other operating revenues	287	446	10	266
1. Gain on disposal of non-financial non-current assets	8	67	-24	13
2. Other operating revenues	279	379	34	253
VIII. Other operating costs	4,869	8,772	1,252	3,754
1. Loss on disposal of non-financial non-current assets	-	-	-	-
2. Revaluation of non-financial assets	-	-	-	-
3. Cost of works financed with subsidies	3,968	6,874	1,711	2,878
4. Other operating costs	901	1,898	-459	876
IX. Profit (loss) on operating activities	10,258	15,316	11,219	20,349
X. Financial revenues	440	1,212	398	7,449
1. Interest, including:	555	1,210	189	534
- from related parties	63	186	70	138
2. Gain on disposal of investments	-	-	-	6,284
3. Revaluation of investments	-	-	401	435
4. Other	-115	2	-192	196
XI. Finance costs	1,948	2,908	804	1,776
1. Interest	743	981	596	1,484
2. Revaluation of investments	-	-	-	-
3. Other	1,205	1,927	208	292
XII. Profit (loss) on business activities	8,750	13,620	10,813	26,022
XV. Gross profit (loss)	8,750	13,620	10,813	26,022
XVI. Income tax	27	-,347	-	1,197
XIX. Net profit (loss)	8,723	13,967	10,813	24,825
Net profit (loss) (annualised)		31,605		47,627
Weighted average number of shares 1.04.2006 - 31.03.2007		7,604,714		7,111,993
Earnings (losses) per single share (PLN)		4.16		6.70
Diluted weighted average number of shares 1.04.2006 - 31.03.2007		7,673,809		7,112,916
Diluted earnings (losses) per single share (PLN)		4.12		6.70

III. Changes in Equity	Q2 2007	6 months ended 30 June 2007	2006	6 months ended 30 June 2006
(thousands of PLN)				
I. Opening balance of equity	243,935	238,691	157,774	157,774
a) changes to adopted accounting principles (policies)	-	-	-	-
I. a. Opening balance of equity after adjustments	243,935,	238,691	157,774	157,774
1. Opening balance of share capital	7,519	7,519	6,955	6,955
1.1 Changes in share capital	441	441	564	564
a) increases (due to)	441	441	564	564
- share issue	441	441	564	-
- the conversion of convertible bonds	-	-	-	564
1.2 Closing balance of share capital	7,960	7,960	7,519	7,519
2. Opening balance of due payments for share capital	-	-	-	-
2.1 Closing balance of due payments for share capital	-	-	-	-
3. Opening balance of supplementary capital	172,097	172,097	105,113	105,113
a) increases (due to)	65,482	65,482	66,984	66,984
- profit-sharing for the previous years	44,279	44,279	29,088	29,088
- surplus due to the conversion on convertible bonds	-	-	37,896	37,896
- transferring the reserve capital	21,203	21,203	-	-
b) decreases (due to)	7,334	7,334	-	-
- covering the loss from merger	7,334	7,334	-	-
3.1 Closing balance of supplementary capital	230,245	230,245	172,097	172,097
4. Opening balance of revaluation reserve	6	6	12	12
4.1 Changes in revaluation reserve	-	-	-6	7
a) increases (due to)	-	-	12	12
- correction of valuation due to the conversion of bonds	-	-	12	12
b) decreases (due to)	-	-	18	5
- valuation of shares at the balance sheet date	-	-	18	5
4.2 Closing balance of revaluation reserve	6	6	6	19
5. Opening balance of capital from merger	-7,334	-7,334	-7,334	-7,334
a) increases (due to)	7,334	7,334	-	-
- covering the loss from supplementary capital	7,334	7,334	-	-
5.1 Closing balance of capital from merger	-	-	-7,334	-7,334
6. Opening balance of other reserve capitals	21,948	21,948	21,948	21,948
a) decreases (due to)	21,203	21,203	-	-
- transferring to the supplementary capital	21,203	21,203	-	-
6.1 Closing balance of other reserve capitals	745	745	21,948	21,948
7. Opening balance of previous years' profit	44,455	44,455	31,080	31,080
a) changes to adopted accounting principles (policies)	-	-	-	-
7.1 Opening balance of previous years' profit after adjustments	44,455	44,455	31,080	31,080
a) increases (due to)	-	-	-	-
- transferring the result from the previous year to supplementary capital	-	-	-	-
b) decreases (due to)	44,279	44,279	29,088	29,088
- transferring the result from the previous years to capital	44,279	44,279	29,088	29,088
7.2 Closing balance of previous years' profit	176	176	1,992	1,992
8. Net result	8,723	13,967	42,463	24,825
b) net result	8,723	13,967	42,463	24,825
II. Closing balance of equity	253,099	253,099	238,691	221,066
III. Equity including proposed profit-sharing (loss coverage)	253,099	253,099	238,691	221,066

IV. Cash Flow Statement	Q2 2007	6 months ended 30 June 2007	Q2 2006	6 months ended 30 June 006
For the period 01.01– 30.06.2007 and 01.01-30.06.2006 (thousands of PLN)				
A. Cash flows from operating activities				
I. Net profit (loss)	8,723	13,967	10,813	24,825
II. Total adjustments	-9,701	-3,835	-22,663	-53,295
1. Depreciation	3,942	7,458	2,811	5,526
2. Exchange gains (losses)	-37	299	-168	-224
3. Interest and profit sharing (dividends)	715	1,468	997	997
4. (Profit) loss on investing activities	-47	-106	-453	-6,784
5. Change in provisions	-627	-1,001	-	1,197
6. Change in inventories	-18,004	-21,457	2,449	4,459
7. Change in receivables	-50,202	-12,912	-10,516	-3,162
8. Change in current liabilities, excluding credits and loans	56,199	38,709	1,209	-27,692
9. Change in prepayments and accruals	-1,640	-16,878	-18,996	-27,616
10. Other adjustments	-	585	4	4
III. Net cash used in operating activities (I+/-II) – indirect method	-978	10,132	-11,850	-28,470
B. Cash flows from investing activities				
I. Inflows	2,235	2,363	3,019	12,905
1. Disposal of property, plant and equipment and intangible assets	196	324	19	105
2. From financial assets, including:	2,039	2,039	3,000	12,800
a) in related parties	-	-	-	9,800
- sale of shares	-	-	-	9,800
b) in other entities	2,039	2,039	3,000	3,000
- sales of financial assets	2,039	2,039	3,000	3,000
II. Outflows	-28,545	-39,594	-8,226	-15,107
1. Purchase of property, plant and equipment and intangible assets	-29,130	-37,394	-6,670	-10,517
2. For financial assets, including:	585	-2,200	-1,556	-4,590
a) in related parties	585	-200	-1,631	-1,631
- purchase of shares in subsidiaries	-	-	-1,000	-1,000
- non-current loans granted	-	-200	-631	-631
- surcharge to capital	585	-	-	-
b) in other entities	-	-2,000	75	-2,959
- purchase of financial assets	-	-2,000	75	-2,959
III. Net cash used in investing activities (I-II)	-26,310	-37,231	-5,207	-2,202
C. Cash flows from financing activities				
I. Inflows	20,913	20,914	2,059	2,059
1. Inflows from share issue	442	442	-	-
2. Loans and credits	20,470	20,471	2,059	2,059
3. Other inflows from financing activities	1	1	-	-
II. Outflows	-1,949	-3,294	-4,428	-5,203
1. Repayment of loans and credits	-590	-1,090	-501	-1,276
2. Redemption of bonds	-	-	-2,930	-2,930
3. Interest	-716	-1,470	-997	-997
4. Other financial liabilities	-643	-734	-	-
III. Net cash (used in)/generated from financing activities (I-II)	18,964	17,620	-2,369	-3,144
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	-8,324	-9,479	-19,426	-33,816
E. Balance sheet change in cash and cash equivalents, including:	-8,288	-9,778	-19,258	-33,592
- change in cash and cash equivalents due to exchange differences	36	-299	-168	-224
F. Cash and cash equivalents opening balance	48,415	49,905	26,807	41,140
H. Closing balance of cash and cash equivalents (F+/- E), including:	40,127	40,127	7,549	7,548
- limited disposal	-	-	211	211

V. Additional Information and Commentary

1. Adopted Accounting Policies

This financial statement was prepared according to the Act passed on 29 September 1994 on Accounting (unified text - Journal of Laws, 2002, No. 76 pos. 694 and subsequent changes).

A complete description of the adopted accounting principles was presented in the last annual financial statement, i.e. for the period from 1 January 2006 until 31 December 2006. If this financial statement for the 6 months ended 30 June 2007 was prepared according to IFRS, the financial results would amount to 11.39 million PLN.

2. Selected Valuation Principles

Non-current financial assets

As at the balance sheet date, financial assets are classified as non-current in the financial statement if the period of their further owning exceeds 12 months from the balance sheet date.

Shares are recognised at the acquisition or originate date according to acquisition price, and at the balance sheet date according to acquisition price less write-offs due to permanent loss in value. When permanent loss in value appear, the revaluation of write-offs is carried out no later than at the balance sheet date.

Loans are valued according to nominal value plus accrued interest.

Current financial assets

Assets recognised in the financial statement comprise monetary assets and loans to subsidiaries.

Monetary assets comprise cash in hand and at banks as well as accrued interest on financial assets. Cash in domestic currency was valued at nominal value, while cash in foreign currencies was valued at NBP average exchange rates at the balance sheet date.

Loans are valued according to nominal value plus accrued interest.

3. Information about Significant Changes in Estimated Values, Including Information about Corrections due to Provisions, Provision and Deferred Income Tax Assets Mentioned in the Act on Accounting and about Write-Offs that Revaluated Asset Items

ComArch S.A. reversed a write-off worth 0.084 million PLN that revaluated inventories and was performed in 2006 as inventories. The reversed amount was classified in the other operating revenues item. In the first half of 2007, ComArch S.A. performed no write-offs that revaluated goods and materials. No hedges were made on inventories owned by the company.

Due to the fact that the company is taxed according to general principles and enjoys tax-exempt status, temporary differences in the tax yield may be realised within both of these activities. At the same time, the final determination within which of these activities (taxed or tax-exempt) the temporary differences will be realised is established on the basis of the annual settlement of income tax, after the end of the fiscal year. In the first half of 2007, an asset due to temporary differences in income tax, worth 1.54 million PLN, was recognised. A tax asset worth 0.463 million PLN recognised at 31 December 2006 was dissolved in part. Provisions for deferred income tax in the amount of 0.158 million PLN was recognised as well as provisions for deferred income tax in the amount of 0.095 million PLN was dissolved in part. The total effect of these operations on the result of 2007 was plus 1.02 million PLN.

4. Selected Notes to the Summary Financial Statement

4.1. NON-CURRENT FINANCIAL ASSETS	30 June 2007	31 March 2007	31 December 2006	30 June 2006
a) in subsidiaries and correlated parties	24,907	17,803	24,987	26,138
- interest or shares	17,803	17,803	17,803	18,296
- loans granted	6,055	-	6,249	7,107
- other non-current financial assets	1,049	-	935	735
b) in associates	11,260	11,260	11,260	11,758
- interest or shares	11,260	11,260	11,260	11,758
c) in other entities	-	85	3	57
- loans granted	-	85	3	57
Non-current financial assets, TOTAL	36,167	29,148	36,250	37,953

4.2. CHANGES IN NON-CURRENT FINANCIAL ASSETS (TYPES)	Q2 2007	6 months ended 30 June 2007	Q2 2006	6 months ended 30 2006
a) Opening balance	29,148	36,250	34,980	38,428
- interests or shares	29,063	29,063	28,623	32,123
- loans	85	7,187	6,357	6,305
b) increases (due to)	7,298	199	3,037	3,089
- purchases of shares in subsidiaries	-	-	1,000	1,000
- purchases of shares in associates	-	-	-	-
- reclassification to non-current loans to subsidiaries	7,184	-	888	888
- loans granted to other entities	-	85	-	-
- loans granted to subsidiaries	-	-	632	632
- interest due to non-current loans	114	114	113	144
- balance sheet valuation of non-current loans	-	-	-27	-6
- revaluation of shares in foreign currencies	-	-	431	431
c) decreases (due to)	279	282	64	3,564
- decrease in shares due to merger	-	-	-	-
- disposing of shares of associates	-	-	-	3,500
- revaluation of shares in foreign currencies	-	-	-	-
- reclassification to current loans	-	-	64	64
- repayment of other entities loans	85	88	-	-
- balance sheet valuation	194	194	-	-
- reclassification to current financial assets	-	-	-	-
d) Closing balance	36,167	36,167	37,953	37,953

4.3. CURRENT FINANCIAL ASSETS	30 June 2007	31 March 2007	31 December 2006	30 June 2006
a) in subsidiaries and correlated parties	1,450	7,715	1,250	250
- loans granted	1,450	7,715	1,250	250
c) in other entities	127	2,191	346	225
- other securities (types)	-	2,020	-	41
- shares in funds	-	2,020	-	41
- treasury bills	-	-	-	-
- loans granted	64	20	179	184
- other current financial assets (types)	63	151	167	-
- assets due to the valuation of forward contracts	63	151	167	-
g) cash and cash equivalents	40,196	49,473	49,929	7,559
- cash in hand and at banks	40,127	48,415	49,905	7,548
- other cash	-	-	-	-
- other monetary assets	69	1,058	24	11
TOTAL current financial assets	41,773	59,379	51,525	8,034